CHAPTER 2 People in Organisations (AS & A)

1.6 MANGEMENT AND LEADERSHIP

Management is the process of getting things done through people. Management is undertaken by managers who co-ordinate the activities of other employees to achieve the results not obtainable by one person. There is no management without people. The management plans, controls, leads and organise resources in the business. They rely on their position to obtain co-operation from employees. Management focuses on tasks and ensures that performance targets are made. Managers are appointed and goods managers usually the skills, experience and the knowledge to run the business

THE 4 MANAGEMENT FUNCTIONS

a)**PLANNING:** refers to a systematic development of action programs aimed at reaching agreed business objectives. Thus planning involves setting goals. Good mangers think ahead and they ensure that necessary resources are made available before it's too late. Plans can be short term, medium term and long term. It is believed that 'failing to plan, is planning to fail'

b)**ORGANISING:** includes the assigning of the tasks identified or developed during planning to various individuals within the organisation in order to achieve set targets. It also includes giving instructions to individuals. i.e delegation of tasks. Each department or unit is given a clearly defined list of duties and the name of a person to whom the report to.

c)**LEADING:** is the process of influencing other people to attain organisational goals. It involves directing and motivating people. When employees are motivated, their productivity will improve. Leading also encompasses the establishment of effective communication channels

d)**CONTROLLING**: the manger must ensure that the tasks are carried out as planned. It involves comparing actual results with the planned results. Corrective measure are taken if there is big anomaly between actual results and the aimed result.

Management Skills

Conceptual Skills: are the skills for the top management which enables them to deal with complex ideas and abstract relationships. It is the mental capacity and ability to view the organisation as a whole and to see how the parts of the organisation relate to and depend on one another.

Human Skills or Interpersonal Skills: refers to the ability of managers to work with people or to interact with other people successfully. Such skills builds co-operation within teams being led and they are for middle management.

Technical Skills: refers to specialised knowledge or expertise and ability in using processes, practices, technique or tools of a speciality responsibility area e.g accountants, engineers, computer programmers etc.

Mintzberg's roles of management

Henry Mintzberg identified ten management roles which are then grouped into three main categories namely interpersonal roles, information roles and decision roles

Interpersonal Roles	Information roles	Decision Roles
• Figurehead • Leader • liaison	• Monitor • Disseminator • Spokesperson	• Entrepreneur • Disturbance handler • Resource allocator • Negotiator

Interpersonal Roles : involves dealing with and motivating staff at all levels of an organisation

i) **Figurehead:** these are duties that are symbolic or ceremonial in nature e.g guest of honour at a function like a Prize Giving Day

ii) **Leader:** involves directing and co-ordinating the activities of all employees in the business. Thus the manager will provide direction for the team or business by making clear what is required of everyone in the business. It also involves staffing and monitoring staff.

iii) **Liaison:** It involves the mangers' interpersonal relationships outside of their area of command. Thus the manager should be able to make contacts both inside and outside the organisation. The main aim is to establish good relationships e.g participating in meetings with other businesses.

Information Roles

i) **Monitor:** involves examining the environment to gather information, changes, opportunities and problems that may affect the business. It also involves the processing of information related to those internal or external changes which might the business.

ii) **Disseminator:** involves providing important or privileged information to the subordinates. Information needs to be passed to the appropriate people as and when required. This must be at a suitable time and must use an appropriate medium

iii) **Spokesperson:** the mangers represents the business to other people outside the business. As a spokesperson, the manager will have to pass information to interested parties e.g informing the Local authorities about planned changes and also communicating with trade unions for any proposed changes to the conditions of work.

Decision Roles

i) **Entrepreneur:** it involves the process of continually looking for new ideas or new methods to improve the organisation's performance. For example, an effective marketing manager continually seeks to develop new products.

ii) **Disturbance handler:** it involves the manager making decisions to take corrective in response to situations out of control. The main aim will be to bring about peace and harmony. E.g the responding to emergences like strikes, disasters etc.

iii) **Resource allocator**: effectively allocating resources whether they are funds, equipment or people in the business organisation. The manger must bear in mind that the resources are always scarce. The manager will make decisions on who will get what resources.

iv) **Negotiator:** involves negotiating agreements between employees or between departments. Negotiating agreements with other businesses e.g suppliers or customers. Negotiating with trade unions to obtain advantages for his business etc.

Managerial Effectiveness and Efficiency

The manger is judged by his performance. The criteria used is effectiveness and efficiency as shown in the table below

	Ineffective	Effective
Efficient	not reaching goals and not wasting resources	reaching goals and not wasting resources
inefficient	not reaching goals and wasting resources	reaching goals and wasting resources

Managerial Effectiveness: it defines as ''doing the right thing'. It is defined in terms of resource utilisation in relation to organisational goal attainment. A manger has the responsibility of selecting the right goal and appropriate means of achieving that goal. If organisations are using their resources to attain their goals, the managers are effective

Managerial Efficiency: it is defined as 'doing the thing right'. It measures the cost of attaining a given goal. The higher the proportion of organisational resources that contribute to productivity, the more efficient is the manager. If minimum cost is spend to obtain the desired goal, the manager is being efficient.

Leadership

Refers to the process of influencing other people to work harder for the business to achieve its objectives. The leader must inspire other employees to put more effort in whatever task they have to perform. Thus a leader is someone who can inspire and drive a group of people towards a target or goal.

Differences between leaders and mangers

Managers	leaders
• Someone who controls and directs within a business • Rely on their position to obtain co-operation of employees • Focused on tasks • Responsible for ensuring that performance targets are met • Concentrate on short term goals • Managers are appointed	• Someone who can inspire or drive a group of people towards a business goal • They motivate or encourage a team to achieve goals using their personality (qualities) • Focused on people • Responsible for setting new targets • Concentrate on long term goals • Leaders are elected

Leadership Qualities

i) **Self-confidence:** leaders have self-trust and they believe that they have the ability to make sound decisions and to identify achievable long term objectives of the business

ii) **Creative:** are able to come up with new or original ideas. Leaders need to be able to come up with ideas that others might not think of.

iii) **Dependable:** able to be trusted to do or to provide what is needed.

iv) **Energetic:** they work extra hard to achieve the goals of the business

v) **Multitalented**: possess several skills so that they can understand a wide range of issues affecting their business.

vi) **Charisma:** a leader must have a personality that makes other people believe in him and be prepared to follow you and your ideas.

vii) **Persistent:** continuing to do something even though it is difficult

Leadership roles in business

a) **Directors :** are elected into office by shareholders of a private or public limited company. They are senior managers elected to represent shareholders. They set corporate or departmental objectives. They also ensure that departmental goals are met.

b) **Managers:** refers to any individual responsible for people, resources or decision making. They have some control over the staff below them in the hierarchy. They ensures that the rules are being followed by employees

c) **Supervisors:** refers to an employee overseeing the work of others. They are appointed by management to watch over the work of others. They are just team leaders and are not involved in decision making. Their mandate is to help staff achieve corporate objectives

d) **Workers' Representatives:** are employees who represent other employees on negotiations with the management. They are elected by workers to present the views of the workforce to senior management. These employee representatives must have excellent communication skills

leadership styles:

It is accepted that different leadership styles are appropriate for different circumstances and that a manger or leader might actually choose to use more than one leadership style depending on the situation at that time. For example, a democratic leader might adopt characteristics of an autocratic leader if a situation required immediate action such as an emergency. There are three main leadership style and these include autocratic, democratic and laissez-faire

i) **Autocratic /Boss Centred:** the leader is an authoritarian and assumes responsibility for all aspects of the business. Communication is one way with little or no feedback i.e top-down communication. It is a form of leadership used in hierarchical business in which all decisions are taken by those at the top of the organisation. Such leaders do not trust their employees to make decisions about their own work. The leader makes the decisions by telling employees what he/she wants done and how he/she wants it done.

Benefits

- Quick solutions to emergence cases
- Enables new policies to be implemented
- Close supervision for employees who are lazy or irresponsible.
- Appropriate on new employees who are unsure about company policies

Problems

- Not concerned about the opinions of employees
- Brilliant ideas can be lost from experienced employees
- Low staff morale since workers are not trusted and also not consulted (morale refers to the feeling of enthusiasm and loyalty that a person of group has about a job)
- High labour turnover

Democratic Style of leadership

Refers to a leadership style that involves all employees in the decision making process. It is also known as participative leadership style. The majority view is often accepted although the senior managers will make the final decision. The leaders believes in consulting employees and allowing them to share in decision making. There is two-way communication and the employees are usually given more information about the business and the direction it is taking

Advantages

- Improvement in the quality of decisions. Employees might have very useful ideas to contribute that would be lost without two-way communication
- Increases employee morale. Employees are likely to be more motivated due to being allowed to participate in decision-making
- Causes greater commitment since the leader considers employee feelings and opinions
- Promotes personal development as employees can now come up with new ideas which the leader might consider

Disadvantages

- There is not always time to allow for consultation with employees. Sometimes a quick decision is essential. Thus meeting can be time consuming
- The leaders will lose management control on employees
- Some issues are too sensitive to be discussed with the whole workforce e.g proposed redundancies

Application

- It is suitable when the co-operation is required between a leader and a team
- Suitable when decisions need to be looked at from several perspective e.g organisational conflicts

Free reign/ Laissez Faire Style of Leadership

Employees are given a lot of control over their own work while management will have a reduced input into decisions that have a direct effect on the way in which work is done. It is usually used with for highly skilled and self-motivated employees. It is also referred to as a non-authoritarian leadership style. The leader only set goals

for subordinates and clear parameters within which they work but gives them the freedom and responsibility to achieve their objectives. It is also argued that, a very lazy manager might adopt a laissez faire because they are too lazy to manage activities of their department themselves.

Advantages

- This gives employees freedom and flexibility about how they organise their work
- It shows that the employees are trusted, and can therefore be motivating
- Encourages creativity since the subordinates are encouraged to find their own solutions to problems
- It can help employees to develop self-discipline

Disadvantages

- It can be used by lazy managers to avoid making decisions about work matters
- Provides employees with little direction and its difficult for employees to complete tasks on time
- It can lead to too much control being in the hands of the employees
- Managers might lose touch with the way in which work is being done
- Its success depends on the competence and integrity of employees

Application

- Suitable when employees are highly skilled and experienced. When employees know more about a task than the leader
- Suitable when the leader wants to empower employees

Choice of Leadership Style

It is believed that managers have certain attitude or perceptions towards their workers. Thus they type of leadership style a manager is going to use depends on whether the manager considers his/her workers to like or dislike work. There are two theories that have been identified which usually influence the manager's approach to their workforce. These theories include Douglas McGregor and Daniel Goleman

McGregor's Theory X and Y

McGregor's Theory X and Y (1960) suggested that many managers adopt a particular style due to their beliefs concerning human nature. A manager's perception of their employees is also likely to influence them in terms of which style of leadership they feel is the most appropriate to adopt. Thus Theory X and Y is about managers' perceptions of their employees and not about the employees themselves.

McGregor identified two management approaches that can be used to explain the managers' choice of leadership style namely Theory X and Theory Y.

Theory X: managers assume that employees dislike work and will avoid it if they can. They need to be told what to do and to be closely supervised. People must be coerced, controlled, directed and threatened in order to get them to work. They do not want responsibility and will avoid and perhaps even resist this. Managers have a negative view of their workforce

Management approach to Theory X type of workers

- Close supervision
- No delegation
- Implement control measures (Setting targets)
- Autocratic leadership style

Theory Y: managers assumes that the employees enjoy work and can derive job satisfaction from their work. Work is as natural as play. Employees are creative and they can exercise self-direction. They enjoy responsibility and might even seek it if they are recognised and rewarded appropriately. Managers have a positive view of their workforce and they believe that employees can make a positive contribution to business activity.

Management approaches to Theory Y type of workers

- Delegation of authority can be done
- They require little supervision
- Allow employees to make their own decisions
- Democratic leadership style

Daniel Goleman's Emotional Intelligence/ Quotient (EI/EQ)

Goleman views the management of employees by using an analysis of emotional intelligence ie Emotional Quotient (EQ). His theory is based on the need for managers to be aware of and understand their own emotions and feelings as well as those of their employees. Emotional intelligence refers to the ability to monitor one's own and other people's emotions, to discriminate between different emotions and label them appropriately and to use emotional information to guide thinking and behaviour. Thus it involves knowing and understanding your own feelings and those of others. An intelligent person can only become a good leader when he/she has a high emotional intelligence. Thus the businesses must employ people with high levels of emotional intelligence to improve the business's performance.

Differences between Emotional Intelligence (EQ) and Intelligence Quotient (IQ)

Emotional Intelligence	Intelligence Quotient
- More important for personal success than IQ - Can be improved	- Not necessarily important for personal success - Cannot be improved

Emotional Intelligence Cycle
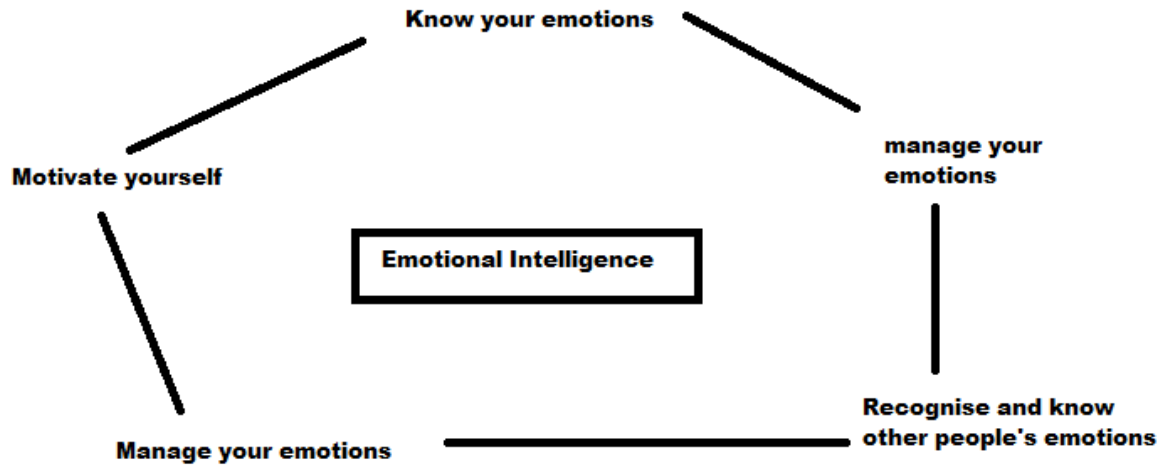
Goleman's Four Emotional Intelligence Competences

Self-awareness	Social awareness
Self-management	Social skills/ relationship management

Self-awareness: includes knowing and understanding your emotions. Understand how you feel and accurately assess your emotions. Understand your own strengths and weaknesses. Have self-confidence

Self- management: Control your emotions so that they won't control you. Build on the understanding that you gained with self-awareness. Have self-control to maintain your equilibrium in the face of any problem or provocation you may face. Motivate yourself to achieve goods results. Ie be optimistic. Be exemplary.

Social awareness: involves expanding your awareness to include the emotions of those people around you. It includes being able to empathize with others and being aware of how the organisation that you are working in affects them. An emotionally intelligent manager is sensitive to the needs of others and is prepared to give support and feedback. They also need to recognise that different people have different needs hence different style of management are required. Manager who become aware of different needs of employees is likely to meet the specific needs of those individual employees.

Social Skills/ Relationship skills: being able to manage the emotions of other people and to be able to build strong relationships with them. It also includes the identification, analysis and management of relationships with people with people inside and outside your team as well as their development through feedback and coaching. Employees might be angry at some point and it is at this time when an emotionally intelligent manager will recognise and appreciate the cause of such emotion and will then actively seek to calm and resolve the situation. The manager must also have the ability to communicate, persuade, and lead others, whilst being direct and honest without alienating people.

Managers with Low Emotional Intelligence

- Lack self-confidence

- React negatively when provoked
- Don't have trust in others
- They are self-centred
- Always force things to happen
- Lack communication skills

PROGESS CHECK ?

Short answer questions

1.State characteristics of a successful leader **[2]**
2.Explain three main functions of management **[5]**
3.Explain why there is no such thing as 'a theory X employee' **[3]**
4.Explain the difference between a leader and a manager **[5]**
5.Explain the importance of controlling and monitoring in a manufacturing business **[5]**
6.Explain the differences between democratic and laissez faire leadership styles **[4]**
7.What is the difference between a formal and informal leader **[3]**

Essays

8a)Explain the possible disadvantages to the employees in a business with an autocratic leader **[8]**
b)Discuss the qualities that are likely to be essential in order for a business leader to be effective **[12]**
9..'Effective business leaders need to be more emotionally intelligent than brilliant'. Discuss this statement?

[20]

MOTIVATION

It is defined as a management process of influencing people's behaviour to achieve stated goals. It also refers to all forces and influences that employees want to behave in a certain way. i.e include incentives to exert effort. When employees are motivated, it means that the they are satisfied and they enjoy the job they are doing. Motivation is a tool used by leaders and managers to encourage their employees to work willingly as hard as they can. Thus motivation refers to the desire to do something or the drive to reach a goal.

What motivates workers?

- Pay
- Promotion
- Working conditions e.g annual leave, uniforms, working hours, working environment
- Fringe benefits e.g company house, sponsored vacation, school fees for children, company vehicle, free health care
- Colleagues
- Management style
- Work related achievements

Benefits of motivated staff

Higher levels of productivity: workers will perform their tasks quickly. They work harder and be more productive
Lower labour turnover: employees won't be willing to look for other jobs elsewhere. They are satisfied with their current job.
Lower absenteeism rate: employees won't absent themselves from work for no apparent reason. Employees who are not motivated are likely to take time off when it is not absolutely necessary
Creativity: employees are more likely to come up with new ideas and they will be willing to take on responsibilities

Employees loyalty: employees when they feel trusted or valued, they tend to give their best to the business.
Improved customer service: a motivated employees will recognise that a happy customer is likely to be a repeat customer and also that the reputation of the business rests not only on the goods produced but on the quality of aftercare that their customers receive.
Better quality products: more attention will be paid to the way in which work is carried out, whether that is the production of goods or the provision of services.
Increased likelihood of achieving business goals: when employees are work as hard as they can the business will have the best chance of achieving any stated objectives. Employees will even be willing to work for unpaid overtime.

Indications of poorly motivated staff

- **Absenteeism:** workers can just decide to be absent from work without any justification
- **Reporting late for duty:** the workforce will arrive late and may be leave their jobs very early before the normal knock-off time.
- **Poor performance:** poor quality work and a greater waste of raw materials
- **High labour turnover:** employees just 'come and go'. They won't take time at the business and this will cost the business more in training and recruiting new staff
- **Conflicts:** there will be a lot of disagreements within the workforce. Employees have a negative attitude towards work.
- **Poor response rate:** workers do not respond very well to orders and any response is often slow.
- **Low worker morale:** employees feel as if they are not needed and this decreases their productivity

MOTIVATIONAL THEORIES

Motivational theories are divided into two namely content theories and process theories

Content Theories: motivation theorists whose work focuses on the nature of the work itself and or the terms and conditions of employment. These theories are also based on the idea that individuals are motivated by their desire to fulfil their human needs (inner needs). Thus their human needs energises them to work harder. Content theories also focuses on how the managers can create favourable conditions that allow workers to satisfy their human needs.

Content Theories include:　　　-Taylor
　　　　　　　　　　　　　　　　　-Mayo
　　　　　　　　　　　　　　　　　-Maslow
　　　　　　　　　　　　　　　　　-Herzberg

Process Theories: are motivation theories whose work focuses on the psychological drivers that can encourage employees to work harder. Basically they focus on how and why individuals choose certain behaviours in order to meet their personal goals. Process theories study what people are thinking about when they decide whether or not to put effort into a particular activity.

Process Theories include :　　-Vroom
　　　　　　　　　　　　　　　　-McCLelland

a)Frederick Winslow Taylor (Economic Man)

Taylor put forward the idea that workers are motivated mainly by pay. Taylor believed that people are were motivated by money and that they should be paid according to the output that they produce. His idea was that employees should be observed in order to identify the most efficient way of working. Once the best method had been decided, all employees should carry out the required task in the same way. Taylor wanted to advise management on the best ways to increase worker performance or productivity. He also argued that workers do not naturally enjoy work and so need close supervision and control.

Managers were required to breakdown production into series of small tasks. Workers should then be given appropriate training and tools so that they can work as efficient as possible on one set task. Performance is then recorded and working conditions will be altered. This approach of detailed recording and analysis of results is known as scientific management. Workers are then paid according to the number of items they produce in a set period of time. i.e piece rate pay. Piece rate refers to a payment made per unit produced. Piece rates encourages workers to work harder and maximise productivity. An employee is referred to as an economic man i.e he/she is driven by the desire to earn more money. **An economic man** will work harder to be able to receive the highest pay possible. The chance of earning extra money stimulate further effort.

How to improve output per worker according to Taylor's scientific approach

- ✓ Select workers to perform a tsk
- ✓ Observe them performing the task
- ✓ Record the time taken to do each part of the task
- ✓ Identify the quickest method and do not allow them to make any changes to it
- ✓ Train workers in the quickest method
- ✓ Supervise workers to ensure that the best way is being carried out
- ✓ Pay workers on the basis of results i.e piece rate (based on theory of economic man)

Application of Taylor's work

Henry Ford used Taylor's methods to design the first ever production line, making ford cars. This was the start of the era of mass production.

Limitations of Taylor's Theory

- Piece rate payment is not suitable in a service industry where the product itself is invisible
- The theory encourages autocratic style of management which can motivate staff
- Money is not the need at work. Employees have a wide range of needs. Taylor's theory does not address the problem of how to motivate employees once their desire for money has been satisfied. i.e workers may have the desire for status symbols etc
- Mass production can lead to repetitive or boring tasks which the demotivate employees
- Mass production involves the use of machines and a lot of workers will be replaced by machines

b) Abraham Maslow (1908-1970)

Maslow based his theory on a series of human needs which he believed could be placed in order of importance. Human needs are the wants or desires of people that they hope will be met at their work or in

their activities outside the work environment. Maslow put forward that there are five levels of human needs which employees need to have fulfilled at work. All of the needs are structured into a hierarchy and only once a level of needs has been fully met, would a worker be motivated by the opportunity of having the next need up in the hierarchy satisfied. For example, a person who is dying of hunger will be motivated to achieve a basic wage in order to buy food before worrying about having a secure job contract or the respect of others. Maslow view. Once a need is satisfied, it no longer motivates the worker.

Maslow's Hierarchy of needs
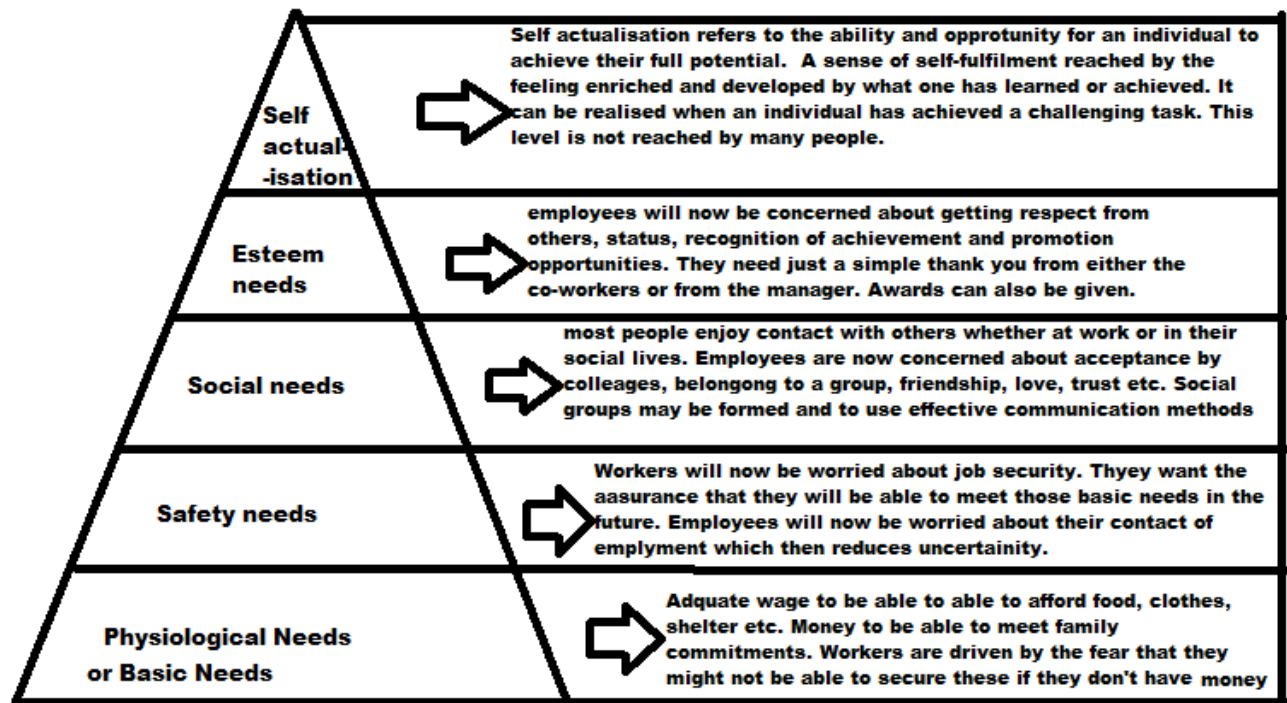
Key terms

Cell-production: refers to groups or teams of employees performing the various tasks required to complete a process or product. It is deemed motivational because the group get the satisfaction of completing a product. It is an element of social needs

Self-esteem : refers to the desire of an individual to be respected by others and to gain their approval

Application of Maslow in the business environment

Basic needs: paying a fair wage which enable employees to buy essentials for life

Safety: provide a contract of employment; follow the health and safety guidelines for a safety work environment

Social needs: encourage team work; encourage social activities and communication between all levels of employees. E.g social soccer, hosting Christmas party etc

Esteem needs: give recognition for good work; show appreciation e.g employee of the month; motivating job titles (e.g **a security guard**-security enforcement director; **garbage Collector**- environment sanitation Technician); promote people to give them additional responsibilities

Self-actualisation: meet the need for feeling of achievement perhaps through assigning more difficult and challenging tasks. Allow for further training and progression within the business.

Critics of the theory

- ✓ Not everyone has the same needs as assumed by the hierarchy. It is possible for a person not to desire the approval of others and therefore, once their 'safety needs' have been met, self-actualisation might be their next goal
- ✓ In the real world, it is very difficult to identify the degree to which each need has been met and which level a worker is on. Thus it is very difficult for the manager to know for sure which level on the hierarchy each employee is on
- ✓ Money is necessary to satisfy basic needs, yet it might also play a role in satisfying the other levels of needs such as status and esteem
- ✓ Self-actualisation is never permanently achieved as the hierarchy has suggested. In the real world, life jobs must continually offer challenges and opportunities for fulfilment.

ELTON MAYO (Hawthorne Effect)

Elton Mayo (1880-1994) thought that the work rate (productivity) of employees is affected by the physical conditions in which they were placed. Mayo introduced the Human Relations Schools of thought which focused on managers taking more of an interest in the workers, treating them as people who have worthwhile opinions and realising that workers enjoy interacting together. Mayo conducted a series of experiments at the Hawthorne Factory of the Western Electric Company in Chicago. He isolated two groups of women workers and changed factors such as lighting, financial incentives and working conditions. He expected to see productivity levels declining as lighting and other conditions become progressively worse. What he actually discovered surprised him. Whatever the change in lighting or working conditions, the productivity levels of workers improved or remained the same.

These results forced Mayo to conclude that working conditions in themselves were not that important in determining productivity levels. Other motivational factors should be investigated first before conclusions could be drawn.

Mayo's Conclusion on motivation

- Changes in working conditions and financial rewards have little or no effect on productivity
- Workers are motivated by better communication between managers and workers (i.e Hawthorne workers were consulted over the experiments and also had the opportunity to give feedback).
- Workers are motivated by working in teams of groups
- Workers are also motivated by a greater manager involvement in employees working lives. Hawthorne workers responded very well to increased level of attention they were receiving.

- Mayo concluded that workers are not just concerned with money but could be better motivated by having their social needs met whilst at work. (similarities with Taylor and Maslow).

Frederick Herzberg's Two Factor Theory

Frederick Herzberg (1923) believed in a two factor theory of motivation. He argued that there are certain factors that a business could introduce that would directly motivate employees to work harder (motivators). However there are also factors that would demotivate employees if not present but would not in themselves actually motivate employees to work harder (Hygiene factors). Thus Herzberg analysed motivational factors by grouping them into two broad categories namely hygiene factors and motivators

Motivators

Motivators drive people to achieve more in their work as these are what lead to employees gaining job satisfaction. Employees are sometimes concerned about the job itself for instance, how interesting the work is and how much opportunity it gives for extra responsibility

Examples of Motivators

- ❖ Recognition of work done
- ❖ Promotion
- ❖ Being given responsibility
- ❖ Nature of work

How business can satisfy motivators

- ➢ Give positive feedback to employees
- ➢ Involve employees in decision making
- ➢ Allow delegation of tasks
- ➢ Ensure that the work is stimulating and rewarding good performance
- ➢ Implement things like job rotation, job enlargement and job enrichment etc

Hygiene Factors

Refers to the aspects of work that do not motivate but, if not present, cause dissatisfaction. These are factors which surrounds the job rather than the job itself. E.g a comfortable working temperature. It is believed that a worker will only turn up to work if a business has provided a reasonable level of pay and safe working conditions but these factors will not make him work harder at this job once hi/she is there.

Examples of Hygiene Factors

- ❖ Pay (wages and salaries)
- ❖ Fringe benefits
- ❖ Relationship with co-workers
- ❖ Status and security

❖ Company policy

How business can satisfy hygiene factors

➢ Pay a fair wage / salaries
➢ Make sure that the working conditions are as good as possible e.g suitable temperature
➢ Company rules should be reasonable and not too rigid
➢ Encourage two-way communication and team work
➢ Limited supervision

NB: Herzberg argued that people do not work harder if the hygiene factors are present at work, but their output can decline if conditions deteriorate. Motivators on the other hand are intrinsic in nature, and produce job satisfaction and higher output.

Ways to improve the nature and content of the actual Job

a) **Job enlargement:** workers being given a variety of tasks to perform which would make the work more interesting. The tasks are not necessarily challenging. Additional tasks are given to broaden the employee's skills and experience.
b) **Job Enrichment:** involves workers being given a wider range of more complex, interesting and challenging tasks surrounding a complete unit of work. This would give a greater sense of achievement
c) **Job Rotation:** This involves changing a worker's tasks more regularly to overcome potential boredom
d) **Empowerment:** delegating more power to employees to make their own decisions over areas of their working life.

Process Theories: a)McClelland

b)Vroom

Motivational Need Theory by McClelland (1917-1998)

McClelland argued that the effort exerted by individuals or the way they behave depends on three motivational needs. Both managers and employees are driven by these three motivational forces.

i) **Achievement Motivation (N-ach):** these are result oriented individuals. Their main aim is to achieve goals especially the challenging ones. Such individuals are further motivated if they can produce results that are better the expected or required.
ii) **Authority/Power Motivation (N-pow):** such people are power or authority seekers. They always want to lead and control others. They feel very mush comfortable when they gain control over others. Their fulfilment would also come from self-esteem and respect that would be acquired if there was a successful outcome as a result of their influence.
iii) **Affiliation Motivation (n-affil):** some people just need to be liked by others. This need is likely to drive a person to want to work as part of a team where they feel respected and also supported.

How can business meet these needs:
Need for achievement:
▪ Set challenging but realistic targets
▪ Recognition of achievements by managers
Need Power:

- Involve employees in decision making
- Encourage team work
- Encourage two-way communication
- Give employees small areas of responsibility

Need Affiliation:
- Promote team work

Victor Vroom's Expectancy Theory

Vroom believed that employees behave in different ways depending on what they think will lead to desired outcome. Thus effort exerted by individuals depends on the expectancy of where that particular course of action will lead to. Vroom thought that employees are prepared to work harder if they feel that their efforts will be suitably rewarded.

The three beliefs of Expectancy Theory

a. Valence: refers to the depth of the want of an employee in relation to desire or need for the reward. The reward can be intrinsic i.e job satisfaction or extrinsic i.e money
b. Expectancy: the degree to which people believe that putting effort into work will lead to a given level of performance or result. Employees need to believe that increased effort on their part can actually lead to a better performance.
c. Instrumentality: employees need to fill confident that if they deliver an increased level of performance they will receive their expected reward. The employees must have confidence in whatever they have been promised by the manager.

Vroom's Conclusions

- Individuals will only act when they have a reasonable expectation that their behaviour will lead to the desired outcome.
- There is positive correlation between effort and the results
- The rewards plays an important role in satisfying the needs of employees
- The employee's behaviour is a result from conscious choice among alternatives. The purpose of the choice is to maximise pleasure and to minimise pain

FINANCIAL MOTIVATION

There are various payment systems that can be used to motivate staff. They fall under the general headings of financial rewards and non-financial rewards

Financial Rewards

Time Rates: under this system, earnings are calculated by multiplying the hourly time rate by the number of hours at work. It is a payment based on the number of hours worked. Unsocial hours or overtime raise the pay rate

Conditions for use

> ➢ Where employees have no control over the speed of work
> ➢ Where output cannot be measured or attributed to individuals e.g service industries
> ➢ Where output is of a non-standard type

Advantages

- Less harmful to quality
- Less harmful to health of employees
- Simple and easy to understand
- Appropriate in most circumstances

Disadvantages

- Pay is not related to effort or output but merely to the time spend at work
- Can encourage time wasting
- Does not provide incentive for increased effort
- Tasks not completed on time
- Close monitoring is required

Piece Rate

The earnings of an individual worker or group of workers are related to the quantity of items produced. The pay is based on the number of units produced. The focus will be on the quantity rather than quality

Conditions for use

> ➢ Appropriate where output is standardised
> ➢ Appropriate output is measurable
> ➢ Where there is a link between effort and output
> ➢ Appropriate where output can be attributed to an individual work and he/she receives a reward commensurate with effort

Advantages

- Stimulates effort
- Encourages workers to devise improved methods
- No need for supervision i.e cut on costs
- Targets are surpassed
- There is no time wasting

Disadvantages

- Encourages more output at the expense of quality
- Method is in appropriate in service industries where output is immeasurable
- Production breakdowns can affect employees at a next stage of production
- More harmful on employees' health i.e employees overwork themselves

Salary: Refers to an agreed amount paid monthly in return for work undertaken. It is paid to those in the white collar sector i.e professionals like Doctors, teachers, lawyers etc. Salary doesn't depend on the number of hours worked or units produced. Each organisation uses different salary bands or grades

Example of Salary Grades

Grade A: $700 -$1000: Most skilled and educated employees

Grade B $400-$699: Semi skilled staff

Grade C Less than $400: Unskilled and without any experience

Advantages

- The employee will be certain about what he/she is going to get at the end of the month
- Enables the management and the employee to plan in advance
- Is suitable where output is not measurable
- It is suitable for management positions where staff are expected to put extra time to complete task

Disadvantages

- Can encourage time wasting
- It can only work when individuals are closely monitored
- Does not provide incentive for increased effort.

NB: Wages are given are to manual staff and are given weekly or fortnightly while salaries are for management.

Commission

An individual is paid according to the sales he/she has made in a given period. Business usually give a basic salary plus a commission based payment on top. It is appropriate for salespersons. The basic salary will improve job security. This method will inspire employees to achieve the highest possible level of sales.

Example

Each salesperson is paid a basic salary of $400 a month and earns a commission of 2% of the value of sales made. The table below show the sales made by each salesperson in the month of February 2016

	Salesperson A	Salesperson B
value of sales	24 000	9 000

Question: Calculate the total payment received by salesperson A for February 2016. [3]

Total payment = basic salary + commission
= $400+ (2/100x24 000)
=$400+ $480
=$880

Advantages

- The method is cost effective i.e no need for a supervisor
- Employees are motivated to exert more effort in order to get a higher commission
- Employees are time conscious

Disadvantages

- No job security especially if there is no basic salary
- Team work is discouraged since individual salespersons will be keen to maximise their personal sales

BONUS: refers to a payment made to employees in addition to their contractual wage or salary. It is given to employees when they have reached and surpassed the targets set. It is a thank you given to employees so that the can maintain the status quo.

Performance Related Pay: a bonus scheme to reward staff for above –average work performance. It is used for many groups of managerial, administrative and professional workers. If performance standards are not visible in terms of quality produced, a system of staff appraisal is established for PRP to be introduced. Workers are paid a bonus according to the degree to which the targets have been exceeded.

Advantages
- Staff are motivated to improve performance if they are seeking for an increase in financial rewards
- Target setting can help to give purpose and direction to work of an individual
- Annual appraisal offers the opportunity for feedback on the performance of an individual

Disadvantages
- Some employees are not driven by the need to earn additional financial rewards
- Team spirit can be damaged by the rivalry/ competition between employees
- Favouritism can harm manager-employee relationships

Profit Sharing Scheme: a bonus for staff based on the profits made by the business. It is usually paid as a proportion of basic salary. It is paid to encourage employees to identify with the company. Thus the employees and owners will be working towards the same goal. PSS also provide an incentive for increased effort and staff turnover is greatly reduced.

Advantages

- Potential conflict between owners and workers is reduced
- The business can attract highly qualified and experienced workers from rival firms
- it is not a burden to the firm since it is paid out of the profits made.
- Workers will be motivated to work harder
- Employees will be profit and cost conscious

Disadvantages

- The scheme can be costly to set up especially in large organisations with a lot of employees
- When the business made a loss or small profits, workers won't be motivated

- Can lead to lower dividends to the owners of the business
- The reward is not closely related to individual effort hence it may not effectively increase motivation.

Fringe Benefits: refers to benefits or perks given to an employee which have a financial benefit to them. These are non-cash forms of rewards. They include:

- ✓ Company house
- ✓ Company car
- ✓ Education for children
- ✓ Discounts on company products
- ✓ Pension schemes
- ✓ Low interest on company loans

Advantages

- The business is able to recruit and retain skilled and experienced staff
- Leads to higher productivity and profitability of the business
- Can help to reduce the employees' financial burden e.g free transport and accommodation
- It can motivate staff to work harder

Disadvantages

- Some employees are motivated by cash and cash alone
- Fringe benefits add on to the costs of the business

Non-Financial Motivators/ Rewards

Include things such as:
- Job enlargement
- Job enrichment
- Job rotation
- Induction
- Training
- Job redesigning
- Worker participation
- Team working
- Empowerment
- Promotion
- Delegation
- Non-financial fringe benefits

Job Enlargement: involves adding tasks of a similar level to a worker's job. It simply gives more variety to employees' work which makes it more enjoyable. Job enlargement can lead to job satisfaction in the short-term. It also used to reduce absenteeism. Additional tasks are given to broaden the employee's skills and experience.

Job Enrichment: adding tasks of a higher level to a worker's job. Workers may need training, but they will be taking a step closer to their potential. Workers become more committed to their job which gives them more satisfaction. Involves workers being given a wider range of more complex, interesting and challenging tasks surrounding a complete unit of work. This would give a greater sense of achievement. Job enrichment allows for two-way communication and workers must be given complete units or work so that individual contribution can be identified.

Job Rotation: Workers in a production line can now change jobs with each other and making their jobs not so boring. It can help train employees in different aspects of their jobs so that they can cover for other employees of they do not show up in future. Worker's tasks are changed more regularly to overcome potential boredom.

Job redesigning: Involves the restructuring of a job. It can be inform of adding and sometimes removing certain tasks and functions on a worker's job description. It encompasses job enlargement, enrichment and rotation. Employees should be part and parcel of the job redesigning exercise. The job can be made more challenging and interesting. A bored employee is more likely to lose concentration and can easily make costly mistakes.

Training: The business can encourage the development and improvement of employee's skills. The business can achieve this by offering educational leaves or educational loans at favourable interest rates. Sometimes trainers can be invited to the business to reduce transport costs to the employees. Training can increase the status of employees and gives them a better chance of promotion to better paid jobs. It can also lead to employee loyalty. Training leads to long-term job satisfaction. There are two types of training i.e on-the-job and off-the-job training.

Worker participation: workers are actively encouraged to be part of the decision making process. Employee participation recognises that employees are likely to have some worthwhile ideas to contribute to the business and that, in some instances, they might have a better solution to a problem than their managers. Managers can allow the employees to elect their own worker representative. The worker representative will represent employees at council meetings. The business can be using an open-door policy. Worker participation will lead to quality decisions. It can lead to greater commitment since management considers employee feelings and opinions

How to achieve employee participation:
- Appointing employees to the board of directors
- Staff meetings where employees are free to ask and to receive information
- Electing a representative
- Training

Benefits of worker participation:
- ❖ Improves motivation and commitment
- ❖ The business can utilise the knowledge and experience of workers
- ❖ Improvement in terms of information flow leading to quality decisions
- ❖ Leads to job satisfaction

Limitations of worker participation:
- ❖ Time consuming
- ❖ Conflict of interest may arise
- ❖ Workers lack management skills

Team Working: Employees are organised into groups and each group is given a certain task to perform. A team is a group of people who work together to achieve a common goal. E.g management

team,financial team, production team, quality circles etc. Business will not be able to achieve its objective if employees fail to work together in teams. Team working involves cell production. Cell production occurs when employees are given the responsibility to produce a certain product or to complete a certain process. Cell production is deemed to be motivating because the group gets the satisfaction of completing a product or a substantial part of one.

TEAM stands for T= together; E= everybody; A= achieves; M= more

Benefits of Team working
- ❖ The team as a whole, delivers greater results than the sum of each team member's individual effort.
- ❖ Teams generate more creative solutions than individuals because they build on one another's ideas
- ❖ Employees have an opportunity to be involved in decision making
- ❖ Teams are usually capable of completing tasks quicker than individuals.
- ❖ Team members help to keep each other motivated

Problems of team working
- ❖ Team conflicts may arise. Conflicts leads people's focus away from the job.
- ❖ Team members can learn bad cultures from difficult employees.
- ❖ Some employees work more effectively when they are not in teams. Thus they are not team players.
- ❖ Can be time consuming when workers need to consult one another.

Empowerment: delegating more power to employees to make their own decisions over areas of their working life. Workers are allowed some degree of control over how the task should be undertaken.

Delegation: refers to the passing of authority down the organisational hierarchy. Subordinates are given the responsibility and authority to do a given task. It is done to enable top managers to concentrate on major issues especially as the organisation grows in size. The subordinates will feel valued and more trusted.

Benefits of delegation

- ❖ Work becomes more interesting and rewarding
- ❖ Employees feel important and trusted
- ❖ Helps train workers, giving them better career opportunities

Problems of delegation

- ❖ Inexperienced employees may fail and this may tarnish the manager's good name
- ❖ Managers may lose management control
- ❖ When subordinates perform better than managers, the managers may feel insecure.

Promotion Opportunities: achievement can also be rewarded by giving a promotion to those who meet, and perhaps exceed, expectations in their performance. Sometimes only a small promotion is needed to give an employee the feeling that their efforts have been recognised and appreciated. The belief that promotion is a possibility for those who perform well can be a strong motivator for some employees.

Questions

Short answer questions

1.Identify the financial rewards that might be given to employees [2]

2. Identify two non-financial rewards that might be given to employees [2]

3.Explain one situation in which financial rewards might not be appropriate [3]

4. Give two benefit of team working [3]

5.Explain the difference between Herzberg's motivators and hygiene factor [5]

6.Briefly outline what is meant by 'valance', 'expectancy' and 'instrumentality' in Vroom's expectancy theory

[5]

8.What do you understand by the term 'motivation' [3]

9.Outline the differences between content and process motivational theories [4]

10.Should performance related pay be introduced for the teacher in your school. [5]

11.Consider two different level of Maslow's hierarchy. Explain how these could be satisfied at work. [4]

12.a)Define the term 'Piece rate' [2]

b)Explain any two problems of a piece rate [3]

13.a)Define the term 'time –based wage' [2]

b)Explain any two benefits of a time-based wage. [3]

ESSAYS

14.Discuss how the owner of a retail clothes business might motivate their employees. Your answer should refer to motivational theories that you have studied. [20]

15.Discuss the importance of motivation in a manufacturing business. You should relate your answer to the work of motivational theories that you have studied. [20]

HUMAN RESOURCES

The purpose of human resource management (HRM) is to make sure that the business has the appropriate workforce to enable it to meet its stated objectives. The workforce must be committed and physically capable of doing the work required. Aims to ensure that the right workers are available in the right numbers, in the right place and at the right time. The human resources (HR) function is also responsible for planning for a business's future need for labour

Functions

- The HR department is responsible for succession planning. Succession planning is the process of identifying employees who can be trained for future leadership positions
- Recruiting, selecting and appointing employees
- Salary administration and determination
- Skills development
- Appraising and managing workforce performance
- Establishing and maintaining employee wellness
- Responsible for promotions, transfer, demotions and expulsions
- Prepare employment contracts
- Responsible for workforce planning
- Keeping staff records
- Ensure that labour legislations are followed

Recruitment

Refers to all HR activities that are aimed at finding and attracting job candidates who have the necessary knowledge, experience, qualifications and skills to fill a job. It involves identifying the need for an employee, devising a job description and finding a person suitable to fulfill the needs of the job.

Reasons why businesses need to recruit people

- ➢ To replace those who were dismissed
- ➢ To replace employees who resigns or who have passed away
- ➢ New employees for expansion
- ➢ Employees who are promoted
- ➢ Employees who retire

Two types of recruitment

a)Internal Recruitment: occurs when in-house employees are promoted.

Advantages of internal recruitment

- Saves time and money
- The candidate's reliability, ability and potential are already known.
- The candidate already know the expectations and rules of the company
- Motivate other employees to work harder to get promoted too

Disadvantages of internal recruitment

- No new ideas or experience come into the business
- May create jealousy and rivalry between existing employees
- Can cause line management problems for the promoted person if they now supervise former colleagues

External Recruitment

Finding and attracting job candidates from outside the organisation. Most vacancies are filled with external recruitment, which always involve advertising the vacancy. Some of the suitable media of advertising include:

- ❖ Local news paper
- ❖ National news paper
- ❖ Recruitment agencies
- ❖ Government job centres
- ❖ Internet

External recruitment also involves headhunting. Headhunting takes place when people who are already employed by one employer are asked to apply for a job at another employer

Advantages of external recruitment

- New ideas and skills are brought into the business
- Can prevent conflicts among existing employees
- Chances of attracting the best candidate are high

Disadvantages of external recruitment

- It is time consuming
- It is very expensive e.g advertising costs and interview expenses
- Demotivate existing staff. Internal applicants might be unhappy that a stranger has got the job.

Recruitment Agencies

Most agencies keep record of candidates' CVs and they are able to make a recommendation quickly. Recruitment agencies usually know a business's needs. Time is saved as the agency works through applicant's CVs

Problems

- Usually, recruitment agencies are paid a percentage of the new employee's remuneration package. Thus it increases the cost of labour.
- The business doesn't know what CVs have not been recommended

Recruitment Procedure

Step no.1: Determine the exact labour needs of the enterprise

The business must carry out job analysis. Job analysis involves determining the exact labour needs of an enterprise before candidates can be attracted. Job analysis involves coming up with the job description and job specification.

Job Description

Refers to a written description of the job and its requirements. Provide details as to what task will the person be expected to undertake.

It includes details such as:

- ✓ Job tittle
- ✓ Main purpose of the job
- ✓ Duties and responsibilities
- ✓ Department in which the job is performed
- ✓ Pay scale

ADVANTAGES OF PRODUCING A JOB DESCRIPTION

- • Provides a clear idea of what a job involves so they can select the best candidate
- • Saves time / money / makes selection easier and the business won't get applications from people who cannot do the job
- • As a basis for drawing up a contract and the business can be sure that all duties will be carried out on-board
- • Helps decide basis for pay
- • Help create person specification
- • Helps create appropriate job advert
- • Helps resolve disputes between managers and subordinates

Jon specification

Refers to a written description of the characteristic and qualification required of the person that will fill the job. It is a person profile which will help in the selection process by eliminating applicants who do not match up to the necessary requirements.

It includes details such as:

- ✓ Qualifications required
- ✓ Training required
- ✓ Minimum experience required
- ✓ Physical requirements

Step no.2: Choose the recruitment Source

Decide on whether to use external or internal recruitment method

Step no.3: Prepare a job advertisement

This is what a business needs to decide on when drawing up an job advert

- ➢ What should be included i.e job description and job specification
- ➢ Where the advert will be placed i.e newspapers, internet, notice boards etc
- ➢ Costs associated with the advertising media.

Headings to be included in a job Advert

- ❖ Job tittle
- ❖ Job location
- ❖ Essential skills, qualifications and personal qualities
- ❖ Brief outline of the job responsibilities
- ❖ Pay scale
- ❖ How to apply (Curriculum Vitae (CVs), telephone call or online etc)
- ❖ Who to apply to (to the business itself or it might be through an agency)
- ❖ Deadline for the submission of applications

NB: *Draw up a job advert for a new maths teacher at your school.*

Step no.4 Selection

It is known as shortlisting. It refers to the process of determining which applicants will best suit which specific jobs. Selecting them basing on certain assessment criteria (screen responses). The CVs of unsuccessful candidates can be kept for future references. Draw up a short list of candidates. Come up with a short list of potential candidates, usually a list of 5 candidates

Step no.5: provide feedback to candidates

Inform all applicants about the outcome of their applications so that unsuccessful candidates can look for other employment options. Invite suitable candidates for interviews.

Step no.6: Employment Interviews

An interview is a conversation between a job candidate and the relevant managers of a business enterprise. It is used for selecting the best candidate from the short list. Interviews aim to determine if candidates are suitable for a job by comparing the candidate's skills, experience, qualifications with the job requirements.

Roles of Interviewer and Interviewee

Interviewer

- Put the candidate at ease
- Explain the purpose of the interview
- Allow the candidate time to think about each question
- To answer questions asked by the interviewee
- Explain to the candidate how he/she can benefit from working for the business
- Analyse the candidate by also looking at his/her non-verbal communication
- Prepare interview questions

Interviewer

- Prepare for the interview
- Research the business by visiting its website
- Avoid simple yes or no answers
- Giving a clear picture about oneself
- Not avoiding difficult questions

Aptitude Tests and Psychometric Tests

Aptitude Test- tests the candidate's skills or the ability of a candidate to perform a certain task. The tests can include practical tests requiring the applicant to perform some part of the work that they are applying for.

Psychometric Test- written examination or role plays on situations that are designed to test the character, attitude and personality. For example, a role play might reveal whether or not the applicant works well as part of a team.

NB interviews, aptitude tests and psychometric tests are methods of selection

Contract of Employment

Once a candidate is appointed, the individual receives a letter of appointment followed by a contract of employment. The letter of employment is an offer to the chosen candidate to work for a particular employer. The contract of employment is a written agreement between the employer and the employee which describes the duties, rights and responsibilities of both parties.

Contents of an Employment Contract

- Details of the employer
- Details of the employee
- Working hours (ordinary days and hours of work)
- Remuneration
- Job tittle and job specification
- Date of commencement
- Duration of contract i.e part-time, temporary or full time
- Termination of contract
- Leave (number of leave days, types of leave days)

Benefits of having an employment contact

- ✓ Both parties are clear about the terms and conditions that have been agreed
- ✓ The employer and the employee both know what a person has been employed to do because this would be clearly stated in the contract that would be signed by both parties
- ✓ Any dispute about the terms and conditions of employment could be resolved by referring to the employment contract.
- ✓ Avoiding heavy fines or penalties

What employees expect from employers

- Fair treatment by managers
- Fair wages
- Reasonable working hours and good working environment
- Holidays with pay
- Appropriate training
- Opportunities for promotion

What employers expect from employees

- Punctuality
- Co-operation from employees
- Obedience to instruction
- Appropriate handling of facilities and equipment
- Loyalty and trustworthiness

How can an employment contract be terminated?

- ❖ The employee can resign in order to take up employment elsewhere
- ❖ The employee might reach retirement age
- ❖ The employee might be in breach of contract and therefore the employer might be able to dismiss him
- ❖ The employee might have broken the terms of the contract causing the employee to wish to leave his/ her employment
- ❖ The term of the contract might have come to an end
- ❖ The employee might be promoted, in which case the roles and responsibilities would probably change.

Performance Appraisal

It is the process of assessing an individual's performances at work. It is an analysis of an individual's performance against pre-set and agreed targets.

It is important for :

- ➢ Identifying training needs
- ➢ Motivating staff by discussing and recognising their achievements
- ➢ Remuneration
- ➢ Identifying people worth of promotion
- ➢ Checking the efficiency of the organisation in recruitment, selection and training.

Two types of performance appraisal

a)Formal appraisal: involves the use of standardised forms which are completed by employees and managers combined with regular interviews. Employees can also draw up personal action plan.

b) Informal Appraisal: takes place when managers check on the work of the employees and discuss how it can be improved. It is an on-going process.

Problems of performance Appraisal

- Employees dislike appraisal because they fear criticism and their weaknesses being exposed
- Badly designed forms or poorly conducted interviews may result in subjective appraisal

Causes of poor performance

- Lack of job knowledge
- Lack of skills

- Stress
- Health problems
- Poor management
- Poor working condition

Solutions

- Offer counselling services
- Provide staff development programmes
- Organise review meetings
- Set realistic targets

Dismissal and Redundancy

Dismissal: to end the services of an employee due to an act of misconduct. It is the termination of an employment contract because the employee has not fulfilled the conditions of the contract in some way. An employee can be sacked from a job due to incompetence. Incompetence refers to the lack of ability to do something well. Dismissal will deprive a worker of his or her immediate means of financial support and the worker is likely to lose pension benefits. There should be enough evidence that the HR department has done all it can to help the employee before dismissing him/her. It is unfair to terminate the contract of employment for the first offenders

Reasons for dismissal

- Gross misconduct e.g stealing
- Incompetence even after sufficient training has been given
- Continuous negative attitude
- Intentional destruction of an employer's property
- Bulling of other employees
- Failure to disclose relevant details when being offered employment.

Unfair Dismissal

Terminating an employee's employment contract for a reason that the law regard as being unfair. The affected employee can report to the civil court so that the court can deal with such unscrupulous employers. When dismissal is judged to be unfair, the employee will get damages from the firm.

Dismissal is unfair under the following circumstances:

1) Pregnancy
2) A discriminatory reason e.g based on race, gender, religion, political affiliation etc
3) Employee being a member of a certain trade union
4) For minor cases without giving first or second warning.

Redundancy

It occurs when an employee loses his/her job when the business no longer requires that work to be done. It is important to note that, it is the job that is no longer needed, not the person doing the job. When the good or service is no longer required, the employee doing that job becomes unnecessary through no fault from

his/her side. It occurs due to a permanent decrease in demand for a particular product. It also occurs in the mining sector due to the depletion of mineral resources. It is fair for the employer to give the redundant worker severance package. The severance pay can be used by the redundant worker to start income generating project.

Labour Turnover

Measures the rate at which employees are leaving an organisation. It is measured using the following formula

Labour turnover = number of employees leaving   x   100
Average number of people employed

Example: ABC limited employees 500 employees on average in 2014. 50 workers left the business during 2014.

Labour turnover =   50 workers x 100
500 workers

Interpretation: labour turnover is increasing or is too high then it will be a signal that:

- ✓ Employees are not happy i.e low morale
- ✓ The business failing to recruit the right people
- ✓ Bad leadership or management
- ✓ Availability of better paid jobs elsewhere

Potential benefits of high labour turnover

- Low-skilled and less productive staff might be leaving and creating space for highly skilled workers
- New ideas and practices are brought into the business by new workers
- Can benefit the business with the plans of reducing staff size i.e staff that will be leaving won't be replaced

Problems of high labour turnover

- High costs of recruiting, selecting and training new staff
- Difficult to establish team spirit as team members are constantly changing
- Low output level when a new worker is introduced and, or when the business is in the process of finding a suitable replacement.
- Lose of customers

Workforce Planning

It is also known as manpower planning. It involves the analysis and forecasting the number of workers and skills of those workers that will be required by the organisation to achieve its objectives. Thus, it involves forecasting the future demand for labour in the organisation and planning to meet it. It is accomplished through analysis of internal factors such as current and expected skills needs, vacancies and departmental expansions and reductions as well as external factors such as the labour market conditions. Workforce planning also involves a skills audit (Workforce audit). Workforce audit involves an assessment of staff capabilities and matching them against future needs. This is just a check on the skills and qualifications of

all existing workers and managers. The HR manager will be checking on social, intellectual, technical, managerial and administration skills.

Benefits of Workforce planning

- Planning for the future i.e to calculate the future staffing needs of the business
- To prevent the problems of too few or too many staff at the business
- To avoid many staff with wrong skills
- To achieve the objectives of the business in the future

Factors influencing the number employees required in the future

- Future demand for the firm's product
- Productivity of existing staff
- The objectives of the business i.e growth objective will imply that more staff will be required.
- Labour legislations i.e minimum wage laws from government encourages firms to workers with machines
- Labour turnover i.e the higher the rate at which staff leave the business, then the greater will be the firm's need to recruit replacement staff.
- Skills of existing staff i.e HR managers have insatiable appetite for better-qualified employees.

Employee morale and Welfare

Morale and welfare are important to people at work. They affect people's attitudes and willingness to work. Thus they influence how much effort workers will exert to their job.

Employee Morale: refers to the feeling of enthusiasm and loyalty that a person has about a task or job. Employees must feel that what they are doing is worthwhile. If they feel that their work is valued by management, they are also likely to feel that they are valued both as employees and as individuals. Their morale will be high and employees tend to have a greater commitment and loyalty to their work.

Employee Welfare: refers to the state of being happy, healthy or successful. Employees are often concerned about their health and safety at work. A business organisation which cuts corners on welfare is unlikely to get the best from its employees.

Ways to maintain or improve staff morale and welfare

- Ensure that health and safety guidelines/ legislation is met. The physical welfare of employees can partly be assured by following health and safety measure.
- Offering help and guidance to employees who might be experiencing problems in their life outside work. E.g when a worker is worrying about her child's deteriorating health condition.
- Provide medical facilities within the business in order for the employees to get treatment for any injuries.
- Dealing with issues that are demotivating employees
- Treating employees fairly.

Work-life Balance

Refers to a situation in which employees are able to give the right amount of time and effort to work and to their personal life outside work. Employees must have enough time to attend to their private life. Thus employees must get time to spend with their loved ones. Working long hours and also denying employees breaks can lead to stress and poor health. The management must assist employees to achieve a better work-life balance. The aim is to maintain a sensible balance that allows career and ambition needs to met as well as family and friendship needs and commitments.

Methods that can be used to achieve a better work-life balance

- Flexible working i.e allowing some employees to come at busy periods of the day but not during slower periods
- Teleworking i.e working from home for some of the working week
- Job sharing i.e allowing two people to fill one full-time job, although each worker will only receive a proportion of the full-time pay
- Sabbatical periods i.e an extended period of leave from work. Some business do not pay employees during this period.

Policies of Diversity and Equality

Equality Policy

Refers to practices and processes aimed at achieving a fair organisation where everyone is treated in the same way. People have the right to be treated with equality, respect and dignity. All employees must have equal opportunities. Equality policy is violated when some employees are discriminated against e.g denying some employees an opportunity to receive skills training.

Benefits of promoting Equality

- Can improve employee morale
- Greater commitment and effort from employees
- The business can easily attract skilled and experienced personnel from other organisations

Diversity Policy

Diversity refers to variety or mixture. Diversity policy refers to practices and processes aimed at creating a mixed workforce and placing positive value on diversity in the workplace. Diversity promotes inclusivity

Diversified workforce include employees:

- Who come from different backgrounds and cultures
- Who speak different languages
- With different levels of education
- Who differ in terms of age and gender

Advantages of Diversity in business

- Creativity increases when diverse team members work together

- When a diverse team pulls together by focusing on their strengths, increased levels of productivity will be achieved
- Colleagues learn to value and respect one another even if they do not hold similar values and beliefs
- A diverse workforce brings different skills to the workforce, for example language skills
- Can lead to an increase in the customer base since some customers are attracted by a diversified sales force.

The costs may include:

- higher recruitment costs
- longer recruitment process
- greater training needs
- communication barriers.

Training

Refers to work-related education to increase workforce skills and efficiency. Training is required for new as well as existing employees. Training will help prepare new employees for change and to improve the efficiency of the organisation. The emphasis on quality, competitiveness and the rapid pace of technological change have increased the need for training.

Reasons for training

- To facilitate the introduction of new technology
- To prepare existing employees for succession purposes
- To develop workers in order to enable them progress
- To provide employees with the skills, knowledge and aptitude
- To improve worker morale

Types of training

a)Induction Training: involves the introduction of new staff to the firm as they are told about its business and the way of operation. The HR manager should explain to the new worker the internal organisational structure, health and safety issues, and also company policy. The employee on the other hand has got the chance to ask questions.

BENEFITS OF INDUCTION TRAINING

• Helps employees to settle into their job quickly/familiarise workers with the business/provide information about the business so that he/she can easily cope with flow production
• Aware of health and safety/legal issues in the factory
• the new employee will know who to ask if there is a problem and this helps to prevent wastage of expensive raw materials
• Help keep productivity/efficiency high so that the business will remain competitive

b)On-the-job training: training is done at the work station where an employee works. It can take the form of job training combined with related classroom instruction and apprenticeship. The trainee will be under the guidance of a highly skilled co-worker. Employees are trained by watching professionals do a job. It is only suitable for unskilled and semi-skilled employees.

Advantages

- It can cut travel costs.
- The trainee may do some work while on training. They can actually be contributing to production while they are learning.
- Can be a motivator the trainers
- No special premises to hired or built
- It is cheaper since it uses existing skilled and experienced employees

Disadvantages

- The trainer's productivity is decreased because he/she must attend to the trainee's problems
- If mentoring is not paid, the trainer may not be fully committed
- Some skilled and experienced employees are not good teachers.
- Mistakes made by the trainee may affect the business's reputation

Off-the-job Training: It takes place outside the work place. Workers go to another place for training e.g schools or private training colleges. It involves the use of specialised instructors.

Advantages

- Employees can learn many skills.
- Employees can work during the day and attend training sessions in the evening.
- Any mistake that the trainee is going to makes are unlikely to affect the reputation of the business
- Training can lead to a recognised qualification

Disadvantages

- outside trainers are very expensive
- output of the trainee is lost
- Trainee can also copy bad behaviours from the trainer.

Benefits of training

To the employer

- Improves motivation of staff
- Reduction of waste and scrap
- Quality services to customers
- May reduce labour turnover
- Helps to develop a positive culture in the organisation
- Increases productivity

To the employee

- Employees may feel valued by the organisation
- Training improves promotional prospects
- May improve job satisfaction
- Employees are better able to cope with change.

Staff Development

Employee development is more future oriented i.e it deals with preparing employees for future positions that will require higher level skills, knowledge or abilities. Staff development differs with training because training focuses on the skills needed to do one's current job. Staff development can help provide long-term motivation to employees. The business could benefit in the long term if its employees are better educated and therefore more able to understand some of the more complex aspects of business activity.

What do you know?
1. Explain any three functions of the human resources management department? [8]
2. Explain the differences between internal and external recruitment [4]
3. Discuss possible reasons why external recruitment might be more beneficial to a business than internal recruitment [4]
4. Explain two methods of selection that might be used to select a new sales manager for a car retail business [6]
5. Outline two advantages of using interviews as a method of selecting a new employees [4]
6. Briefly explain three ways in which an HR department can improve staff morale and welfare [6]
7. Give two advantages of   i) on-the-job training
                       ii)of-the-job training [4]
8. Distinguish between redundancy and dismissal [4]
9. Distinguish between a job description and a person specification. [4]
10. What is meant by the term staff appraisal [3]
11. What is meant by term 'work-life balance' [3]
12. Explain why it is important to both the business and the employee to have a contract of employment between them [6]

Essays
13. Discuss the reasons why staff training and development is believed to be essential in modern business [20]
14. Assess the potential problems that a business might experience if it did not use appropriate methods of selection when recruiting new members of staff
[20]
15. a) Explain the purpose and roles of human resource management [8]
b) Discuss whether improving staff morale and welfare is the most important role of human resource department in a large manufacturing business [12]

ALEVEL

Approaches to HRM
a)Hard HRM
- involves a business viewing its employees as a resource to be used to achieve its objectives just lie the machinery, vehicles and premises. Employees will be recruited, trained, redeployed or dismissed according to the needs of the business. Employees are likely to be closely monitored for the business to be able to achieve its objectives. Training is not for the direct benefit of the employee but rather to improve the business outcomes. It is an approach to managing staff that focuses on cutting cost e.g offering temporary and part-time employment contracts

b)Soft HRM
-involves the treatment of employees as individuals usually with an awareness of the individual development and considering the needs of each employee. It takes a more humanistic approach to the management of employees. Training is offered for the benefit of both the business and the employee. Workers are motivated to work harder and to stay in the business for a long time.

HRM and Flexible

The business requires different numbers of employees at different times. Thus the business needs as much flexibility as possible regarding the size of workforce. There is therefore need for temporary or part-time employees.

Type of Contracts

a) **Permanent Contract**- a contract of employment that does not specify a time period or have a termination date

b) **Zero hours contract**- a contract of employment where the employee does not have any guaranteed hours of work. The employee will only be paid for the hours they are actually required to work, which might be zero in any given time period. In restaurants employees are required to be available but if there are no customers, they are not required to wait on tables or to cook and as a result they won't be paid.

c) **Part-time employees**- a contract of employment for a specified number of hours that is less than the number of hours worked by the full time employees

d) **Flexi-tine contracts**-employment contract that allows staff to be called in at times most convenient to employers and employees e.g at busy times of the day

Benefits of Part time workers

Less overhead cost: In many organizations, part time employees are not eligible for benefits such as health insurance, paid time off (PTO), paid vacation days, and sick leave.

Ability to attract desirable workforce: There might be many people who are good at their work but do not want to work full time. For example, many new mothers want to go back to work, but they don't want to go back full time or have to pay too much for a nanny or day-care service. Part-time work may also attract retirees who have a wealth of knowledge and would be great mentors to younger staff members.

Flexible workforce: It's a great way to develop your business as a flexible workforce allows you to respond to changes in demand, whether that is through hours, services or reputation.

No redundancy pay-the business does not pay any extra costs to the employee if the work they are employed to do is no longer available

Limitations of Part time workers

Inconsistent productivity: Part-time workers, especially those that work more temporarily or seasonally, usually have less knowledge and familiarity with the company because they work less.

Part-time workers won't be on site as often as your full-time staff, it might take them longer to get used to your company's culture or become familiar with the programs used regularly. This may increase their training time or reduce productivity while they're getting up to speed.

Lack of loyalty: Part-time workers usually have less commitment because they spend less time at the company and find it easier to leave because of the lack of full-time income and benefits. Thus, losing part-timers to other jobs is more common.

Because there are both pros and cons to hiring part-time employees, a business should carefully evaluate its needs before hiring part-time workers. Part-time workers may help offset your health insurance costs, but they may also not be able to offer the loyalty and time commitment to the business

More employees- there will be more employees to manage than if they were all full-time. It will be a burden to the firm

FULL-TIME EMPLOYMENT CONTRACTS
ADVANTAGES OF FULL-TIME EMPLOYMENT CONTRACTS

- employees are likely to be better trained than part-time workers
- employees are more committed to the business
- less supervision is required
- fewer errors since they are more experienced than part-time employees

DISADVANTAGES FULL-TIME EMPLOYMENT CONTRACTS

- no new ideas are brought into the business
- employees are not able to combine jobs with different firms hence lack of variety in their working lives
- the contract is not ideal for certain types of workers e.g parents with young children, elderly etc
- employees will be at work even at less busy times
- full-time employees are very expensive since they are specialists

Measurement of employee performance
Staff Appraisal- a process of measuring the performance of an employee against predetermined targets or desired outcomes. Staff appraisal can be in form of interviews with employees discussing the extent to which they have reached their objectives, through observations and through the determination of the worker's productivity rate. The is need for communication as to what form the appraisal will take and how frequent it will take place.

Benefits of staff appraisal
- During appraisal interviews or observation, training need can often be identified
- New ideas can come out from the discussion for the benefit of the business
- It can allow pay levels to be adjusted
- It can confirm the extent to which employees are meeting targets which can then be used as the basis for bonus payments

Causes of poor employee performance
- Poor employee motivation
- Lack of effective leadership
- Lack of skills/ experience
- Absenteeism

Labour legislation
All governments have passed laws to control working conditions and the relationship between employer and employee. These are collectively called Labour laws or Labour Legislations. These offers protection to employees and can prevent their exploitation by unscrupulous employers. The role of HR managers is to ensure that such legislation is followed and deals with any instances where the laws may have been broken.

Legislation offers protection on the following areas
- Hours of work
- Minimum wage and other remuneration issues
- Discrimination issues
- Holiday entitlement

- Minimum age for work
- Health and safety
- Termination of employment contracts
- Employment relations

Number of Working Hours
In the UK, people are not expected to exceed 48 hours per week. If extra hour are needed then special arrangements between the employee and employer can be made as long as the employee is over 18 years of age.
Employees under the age of 18 can work up to a maximum of 40 hour per week.

Remuneration
Refers to the payment received by employees in return for providing their labour and expertise
Employers must ensure that all its employees gets a remuneration above the minimum wage for them to be able to sustain themselves
Overtime rate is usually 1.5 times the normal rate
The employment contract must also state how and when payments are made

Holiday Entitlement
Government can dictate the minimum number of days that should be given as holiday to each employee. For example, after two years of continuous service an employee may be given 1 week holiday for their loyaly.

Minimum Age for work
Some governments have specified that young people should not be expected to work below a certain age. Minors below the age of 15 are not allowed to work. 15 to 18 years may be allowed to work provided they are given light jobs. This ages varies from one country to another.

Employment Contract and their termination
Labour legislation stipulate that all employees should be given an employment contract. The legislation will also dictate the circumstances under which that contract can be terminated. It is in the best interest if employers and employees to have such a contract as the terms of employment will be clearly defined and therefore each party knows exactly what they are committed to do.

CONTRACT OF EMPLOYMENT

-it is a written agreement between the employee and the employer which binds both the employer and the employee, and describes the duties, rights and responsibilities of both parties

CONTENTS OF ANY EMPLOYMENT CONTRACT

- details of the employer
- details of the employee
- working hours
- remuneration
- job description and job specification
- date of commencement
- duration of the contract
- termination of the contract
- leave

IMPORNANCE OF EMPLOYMENT CONTRACTS

• **It's a legal requirement**   - failure to use them could lead to fines / legal action
• **Avoids misunderstanding** -if there is a dispute business can check what workers are expected to do

• removes uncertainty   -Employers and employees know the terms and conditions of the employment

Employee Relations
Employees in certain occupations can be allowed to join Trade Unions. Trade Union refers to an organisation that works on behalf of a group of employees by seeking to improve their pay and conditions of service as well as acting on the behalf of member who are in dispute with their employer. Employee relations legislation can outline the rights of employees to belong to a trade union or any rights they may have to withdraw their labour (Strike)

Healthy and safety legislation (done already)
Discrimination issues (done already)
Minimum wage laws (done already)

Questions
1.Explain two benefits to a manufacturing business of following health and safety legislation   [4]
2.Outline two ways in which labour legislation protects workers in food processing business   [3]
3.Discuss the importance of labour legislation using examples from your country   [8]
4.Identify and explain two advantages to FDD of employing part- time workers.   [4]
5.Identify and explain two reasons why employment contracts are used by T&J.   [4]

Co-operation between the management and the workforce
-it is very important now to involve workers' suggestions and those of their union leaders for the benefit of both employees and employer. Co-operation can be achieved by the increased use of employee participation. Management should recognise and accept that employees at all levels in a business are capable of making a valuable contribution if each individual feels informed and involved
 Benefits of co-operation between workers and management
- less confrontation and fewer strikes
- promotes team work. It can help to remove the feeling of ' them and us'
- it can lead to the development of mutual respect and valuable exchange of ideas
- it can lead to managers and employees beginning to appreciate each other's point of view

Workforce planning
Refers to the analysis and forecasting of the number of workers and the skills of those workers that will be required by the organisation to achieve its objectives. Businesses need to ensure that they have the right number of employees with the right skills employed in the business at the time that they are needed. Workforce planning means thinking ahead and establishing the number and skills of the workforce required by the business in the future to meet its planned objectives. Workforce planning involves workforce audit which is a check on the skills and qualifications of all existing workers/ managers.

Factors influencing the number of workers required:
- forecast demand for the firm's product
- the productivity levels of staff
- the objectives of the business
- changes in the law regarding workers' rights e.g maximum working week or minimum wage
- the labour turnover and absenteeism rate

TRADE UNION

An organisation of working people with the objective of improving the pay and working conditions of their members and providing them with support and legal services. Alternatively it can be defined as a group of workers who join together to protect their interests and work for better wages and working conditions. It is a type of pressure group.

Relationship between Trade Union and HRM
A Trade Union works on behalf of its members to ensure that the rights of employees are satisfied while in employment. Trade union representatives will meet with representatives of any business to discuss issues related to trade union members employed by the business. This relationship can be beneficial to both parties

Why do workers join trade unions?

Workers might join a trade union because

- They believe that there is strength in number and they will be listened to when they are in a group.
- To negotiate a better pay, more holidays and less hours of work.
- To pressurise the employer to provide them with a healthier and safer working environment.
- Improved benefits for retrenched workers
- To get the benefits of advice, financial support and welfare activities carried out by Trade Unions.
- Many workers may also join a trade union because there is a <u>closed shop</u> policy.

Benefits of Trade unions to employer

- Trade unions usually intervenes to ensure that its members respect the employment laws
- Employers will discuss issues with a representative from a trade union rather than discussing the same issues with numerous employees
- A trade union can be asked to explain to the employees that their actions are not lawful and that they must return to work
- Trade union can encourage its members to further their education and the business will benefit from increased productivity

Benefits of Trade union to employees

- Employees have someone who can negotiate with employers on their behalf. These representatives are more experienced in negotiating than the average individual employee
- Employees will be protected from illegal dismissal
- Members will get up-to-date information about employment legislation that applies in the country
- Improvement in wages and working conditions
- Financial support at favourable rates
- Protection from unfair discrimination

Collective Bargaining
The process of negotiating the terms of employment between an employer and a group of workers who are usually represented by a trade union official. It means that the needs and demands of a group of employees will be discussed, by the management and the representatives of a trade union, for the workforce as a whole rather than on an individual basis

Closed Shop
It is where all employees must be a member of the same trade union.

Single Union agreement
It is an agreement between the management and workers, where the management deals with only one trade union and no other.

No-Strike Agreement
Unions agree to sign a no strike agreement with employers in exchange for greater involvement in decisions that affect the workforce.
Productivity agreement
It is an agreement between the management and workers whereby the management agrees to increase the benefits for workers in return for an increase in productivity.

Types of Industrial Actions
Industrial action refers to the measures taken by the workforce or trade union to put pressure on management to settle an industrial dispute in favour of employees

- **Strike:** when employees refuse to work
- **Picketing:** When employees stand outside the workplace and prevent the smooth functioning of the firm. E.g. they may stop the movement of Lorries in and out of factory.
- **Work to Rule:** employees refuse to do any work outside the precise terms of the employment contract.
- **Go slow:** It is when the employees work at a very slow pace.
- **Non-cooperation:** It involves workers refusing to follow a new procedure or rule.
- **Overtime ban:** It is when the employees refuse to work overtime or for additional hours of work apart from their normal working hours.
- **Lock out:** occurs when striking workers prevents non striking workers from entering the business premises
- **Sit-in/ Sit down strike**: employees report for duty but they just sit in their offices

Methods used by employers to influence the outcome of industrial dispute
- Threats of redundancies
- Changes of the employment contract
- Closure of the business
- Using public media to gain public support

Factors determining the strength of a Trade Union
- Most workers belong to one union
- All workers agree to take industrial action
- Industrial action costing the employer large sums of money
- Rate of inflation increasing
- Labour cost are a low proportion of total costs
- Demand for the product labour helps to produce is inelastic
- When productivity increases

Factor determining the strength of the employer
- Unemployment is high
- Profits are low
- Threats of relocation to low cost countries0
- Demand for the product is elastic
- When the rate of inflation fairly stable
- Productivity of workers didn't change

Questions
1.What is meant by the term 'collective bargaining'?   [3]
2.Eplain two advantages to employees of their employer recognising a trade union.   [4]

ORGANISATIONAL STRUCTURE F6

EVNTUALLY when the business grows larger and employs many people, they will have to create an organisational chart to work out a clear structure for their company.
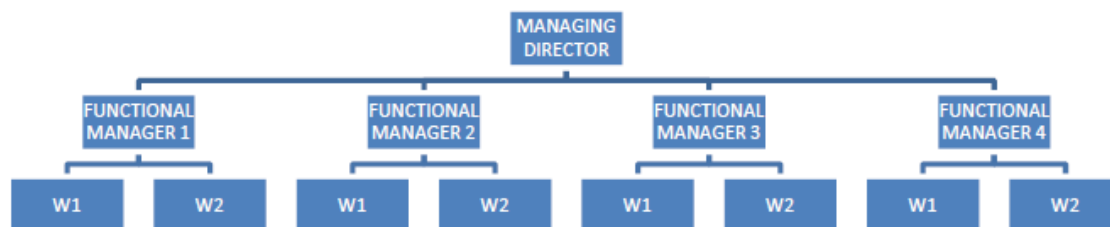
<u>ORGANISATIONAL CHART</u>

-The internal, formal framework of a business that shows the way in which management is organised and linked together and how authority is <mark>passed</mark> through the organisation. It's a framework indicating the chain of authority and lines of communication. Organisational structure is represented primarily by means of a graphic illustration called an organisational chart or organogram. Organisational chart is a diagram or chart which records the format structures and relationships within an organisation. The relative positioning of individuals within boxes on the chart indicates broad working relationships while lines between boxes designate formal lines of communication between the individuals.

IMPORTANCE OF AN ORGANISATIONAL STUCTURE

It shows:-

1) Who reports to whom – the chain of command. It shows employees in one level of the organisation who they would report to who they should receive instructions from.

2) How many subordinates work for each manager _ the span of control.

3) Channels of official communication through the solid lines that connect each job (box). If an employee wants to discuss an issue, the organisational chart will show them the person who they are answerable to and therefore the person who should be the first one that any issues should be discussed with.

4) How the company is structured – by function, customer, product etc.

5) The work being done in each job – the label on the boxes. It allows employees to know where their post fits in the business structure.

6) The hierarchy of decision making. It shows who are the decision makers in an organisation and who has the most authority.

7) Types of authority relationships – solid lines illustrate line authority and dotted lines show staff and functional authority. Authority refers to the power or right to control or command the action of others
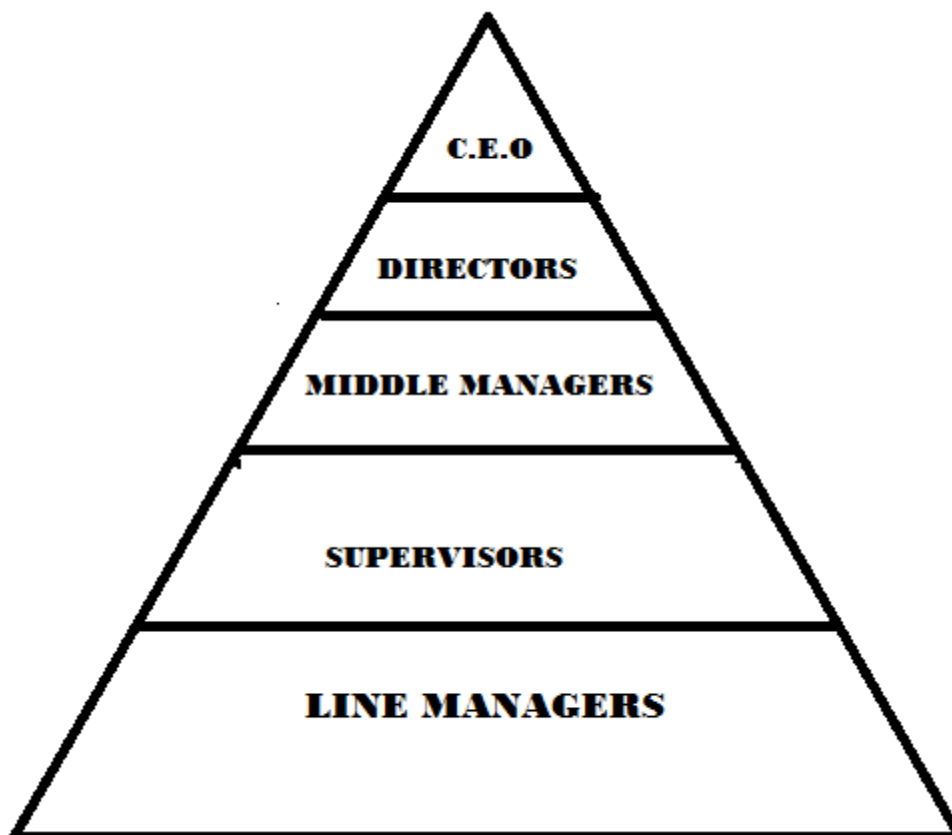
An Organizational Chart

TYPES OF ORGANISATIONAL STRUCTURE

HIERARCHICAL STRUCTURE BUREAUCRATIC STRUCTURE)

Refers to a structure that is designed to represent the various levels of authority and to outline the chain of command and channels of communication

- **It is also known as pyramid structure**
- **Hierarchy refers to the order of the levels of management in a firm from the highest to the lowest ranks**
- **This is a structure where there are different layers of managers with fewer and fewer workers on each higher level**

ADVANTAGES	DISADVANTAGES
➢ The role of each employee is clear and well defined ➢ Clearly defined chain of command ➢ Employees are given responsibilities, proper roles to perform and procedures to follow ➢ Specialisation and economies of scale can be achieved ➢ It is a proper departmental structure	➢ Promotes one-way communication ➢ Lack of co-ordination can occur because of fewer horizontal links ➢ Managers are generally accused of having tunnel vision (narrow vision)

Span of Control

-It is the number of people directly accountable to and reporting to a manager. A span of 4-8 is acceptable at upper levels of management and up to 15 at lower levels.

-basically there are two types   :-

  a)Narrow span of control(Tall organisation)
  b)Wide span of control(short/Flat organisation)

NARROW SPAN OF CONTROL / TALL STRUCTURE

-it is known as a tall organisational structure. The maximum could be three subordinates reporting to a superior or manager. This is likely to lead to close control of subordinates. It is linked to more bureaucratic organisations ,such as the army and many government departments

Characteristics : Tall

1. Centralized authority
2. Many authority levels
3. Narrow span of control
4. Long lines of communication
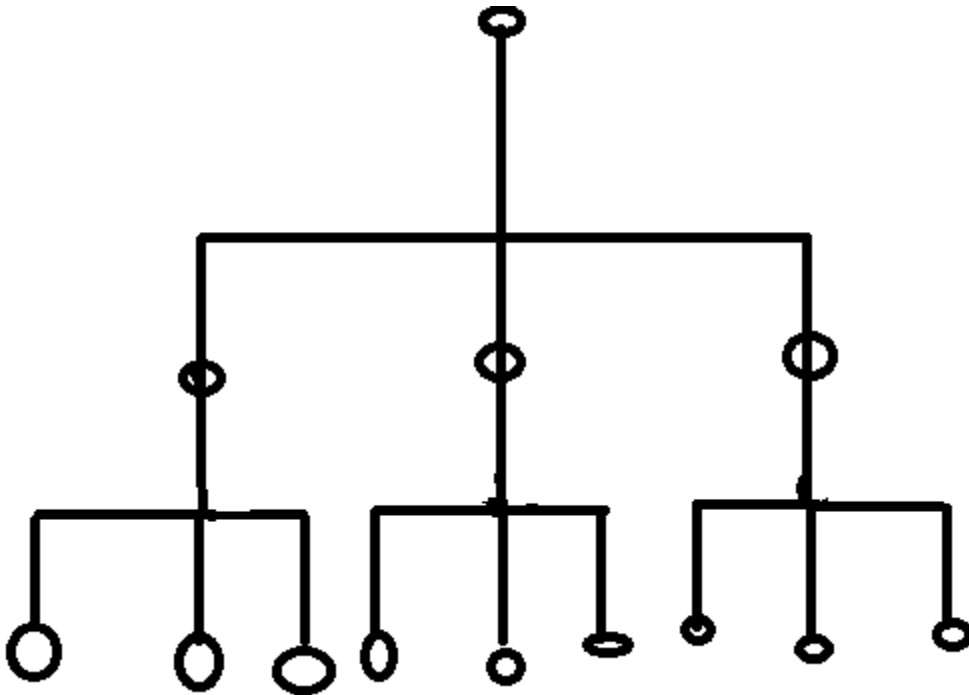
FEATURES OF THE DIAGRAM ABOVE

- **Span of control-** 3 subordinates for the manager
- **Authority levels-** 3 authority levels (or 3 hierarchical levels)
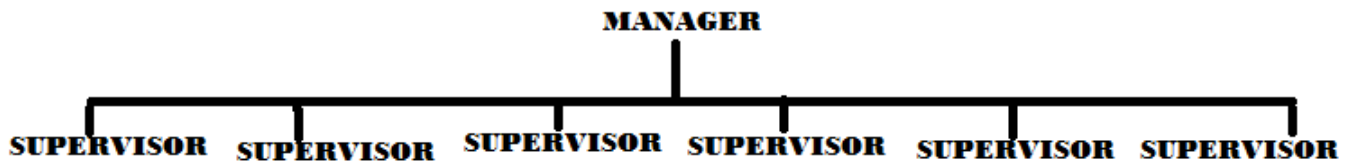- **Chain of command-** long chain of command

Advantages of a Narrow Span/Tall structure	Disadvantages of narrow span/ tall structures
1. –close supervision of subordinates 2. –tight control 3. –faster communication (vertical communication) 4-decision making responsibilities are distributed between several levels which reduces the burden of decision making on senior management	1. –superiors are too closely involved in subordinates' work 2. –high costs e.g. staffing costs 3. –stretches the communication line between managers and subordinates 4-too many decision makers can lead to business objectives being difficult to achieve 5-decisions and instructions pass through many levels and this can be extremely time consuming and can delay the receiving of information

WIDE SPAN OF CONTROL/FLAT STRUCTURE

-there are six employees that reports to the manager. It is likely to encourage delegation. Usually results in a short chain of command. A flat structure is often found in young business, where smaller number of employees are usually involved, or in organisations that have undergone a process of delayering. Delayering involves removing some levels of management from an organisation therefore producing a flatter structure

Characteristics : Short structure
- **Decentralised authority**
- **Fewer authority levels**
- **Wide span of control**
- **Easier communications**
- **Easier co-ordination**

FEATURES OF THE DIAGRAM ABOVE
- **Span of control-** 6 subordinates for the manager
- **Authority levels-** 2 authority levels (or 2 hierarchical levels)
- **Chain of command-** short chain of command

ADVANTAGES
- Greater motivation as more trust is placed on employees
- Less supervision of employees
- Lower costs involved in supervision
- Information and decisions pass through fewer levels hence less time consuming

DISADVANTAGES

- Manager is responsible for large number of subordinates. The absence of some layers of management can place a greater burden for decision making in the remaining levels
- Greater delegation necessary as it is difficult to keep control over all subordinates
- Communication problems as decisions need to be conveyed to many persons
- Quality maintenance is difficulty

Factors affecting the Span of Control

1. –the nature of the task
2. –the ability of experience of the people concerned
3. –the effectiveness of communication
4. –the cohesiveness of the team
5. –the degree of delegation exercised

FUNCTIONAL STRUCTURE

-It is organised in terms of functional areas or departments of the business. Each the departments might have their own hierarchical structure outlining who should report to whom within each department

-there are eight functional areas in a normal business set up namely:

- General management
- Human resources
- Public relations
- Administration
- Finance
- Marketing
- Production
- Purchasing

Illustration

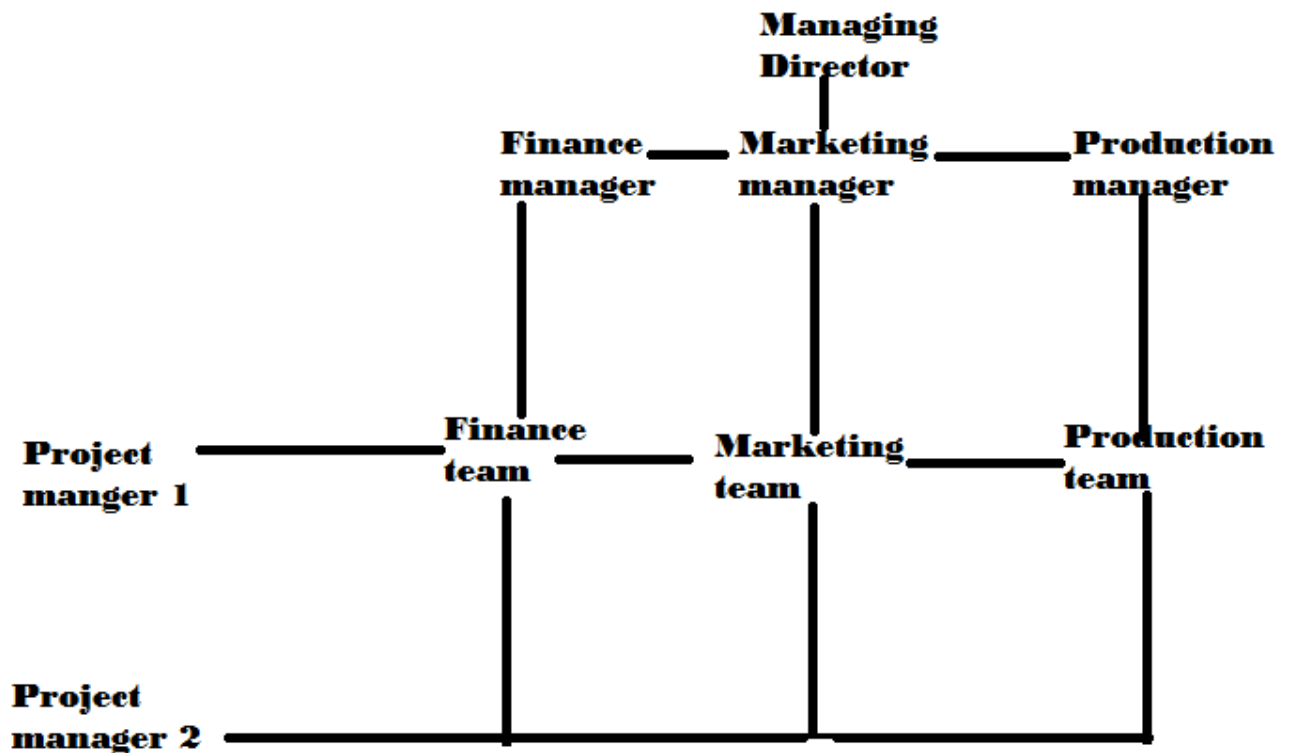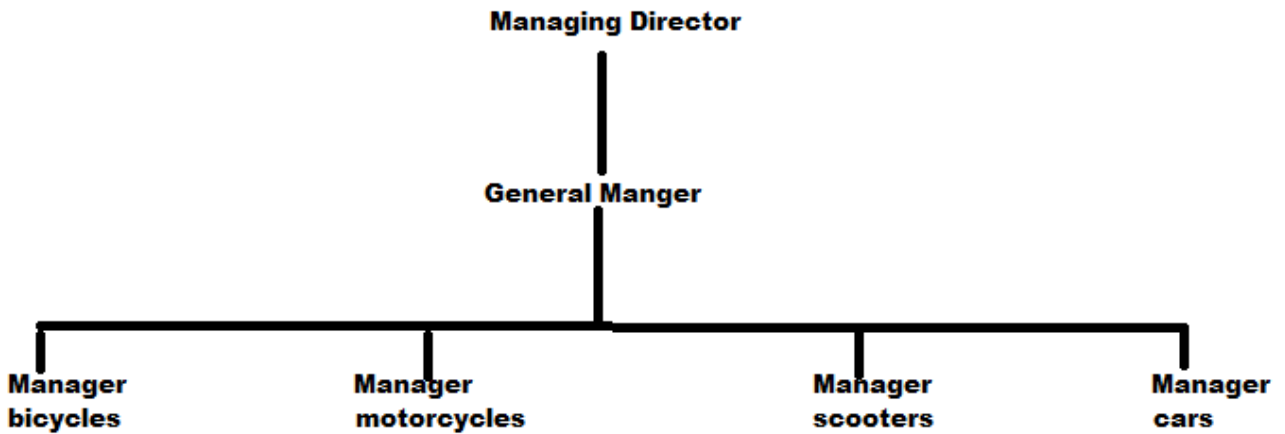| ADVANTAGES	DISADVANRAGES
➢ Efficient performance and specialisation ➢ Clear chain of command and span of control ➢ Simple lines of control ➢ Employees will clear about where they fit into the overall business structure	➢ Horizontal communication problem ➢ Slow to respond to the change ie co-ordination problems ➢ Decisions are concentrated at the top which in turn damages the motivation level ➢ Departments might compete for resources, which can prove more costly for the business as a whole

The Matrix Structure

-an organisational structure that creates project teams that cut across traditional functional departments. It is only made for a certain project. It crosses departmental boundaries bring together all of the skills and expertise required to carry out a particular project. It combines functional managers with an overlay of project managers. An employee will end up reporting to two or more superiors. These are 2 chains of command. It is applicable in high-technology, project-based industries such as Aerospace, Government contracting R & D etc.

Managing
Director

Finance —— Marketing ——— Production
manager   manager   manager

Finance   Production
team   Marketing   team
Project   team
manger 1

Project
manager 2

Advantages	Disadvantages
1.it allows the best employees to be brought together to complete a task or project 2. leads to co-coordinated effort since it focuses on functional expertise on a project 3. it encourages co-operation and communication between departments within an organisation 4. Highly skilled employees can be used to the maximum as they can be moved from one project to another as required	1. –power struggle can occur. Each project leader will usually claim that the work for their project must take priority 2. –costly to implement 3. –creates problems of control as the employees are answerable to more than one boss

Organisations Structured by Product

It is applicable to business that produces a wide variety of products and each of those products are made on a large scale. Thus it will be cost effective to divide itself into sections and each section dealing with only one product. Each product has its own needs and it has to produce its own profit

Advantages

- People working in each division will be specialised in that specific product
- Costs and revenues can be clearly allocated to that particular product

Disadvantages

- There can be some duplication of effort. For example, each product might have a marketing department and a finance department

CONSEQUENCES OF POOR ORGANISATIONAL STRUCTURE

- ✓ **Low motivation and morale**
- ✓ **Ineffective decision making**
- ✓ **Lack of co-ordination and control**
- ✓ **Poor communication**
- ✓ **Poor implementation of organisational objectives**
- ✓ **Inability to respond to changing conditions**
- ✓ **Duplication of activities**

Causes of Changes in organisational structure

- **Change in the demand for a product**
- **Change in the style of management**
- **Growth in the market**
- **Diversification**

Questions

1. Explain the advantages of using a narrow (tall) organisation structure
2. Explain two possible disadvantages of using a flat organisation structure
3. Explain why business might wish to change its structure from narrow (tall) structure to a flatter
4. Explain two disadvantages of using a structure based on geographic region
5. Explain two advantages of using matrix structure
6. Give two advantages of organising business by function
7. Explain what business functions should be shown on an organisational chart
8. Explain the term span of control

9. Why might it be difficult to manage a flat organisational structure
10. Outline two functions of an organisational structure

Formal versus Informal Organisational Structure

Formal Structure

The levels of authority and channels of communication are defined by the organisational structure. Refers to a deliberately planned structure of roles within an organization. It is represented on the organizational structure. Formal structure indicate the chain of command, which is the route through which all communications should pass. The levels of responsibility and authority are also indicated. i.e The person with the ultimate responsibility for how the business performs is at the top of the structure. formal structure also shows how delegation can take place

Informal Structure

A network for communication and authority other than that outlined by the organisational structure. The informal structure is a network of personal and social relationships or cliques which arise at work. It is not planned or official. The power of the group leader is personal and behaviour of the group is guided by norms rather than by rules laid down. Control is not by means of financial rewards or penalties but by threats of expulsion.

Advantages of Informal groups
1. –a lighter workload for management
2. –work group satisfaction
3. –improved communication
4. –forces management to plan
5. –greater co-operation

Disadvantages
1. –resistance to change
2. –interpersonal and intergroup conflicts

CHAIN OF COMMAND

-it is the route which authority is passed down in an organisation.

- instructions needs to be passed from the Top managers to the employees at the bottom of the hierarchy

-some information is also passed from the bottom to the top

-long chain of command slows down communication

-there two types   i) Long chain of command with several levels. Suitable in Tall structure

                    ii)Short chain of command with few levels. Suitable in Flat structure

AUTHORITY

-is the legitimate exercise of power which in turn is the ability to exercise influence over people or situations

TYPES OF AUTHORITY

a)Line Authority/ Line management: -is a direct authority as it involves a right to give orders and have decisions implemented. The mangers have direct authority over and responsibility for the employees on the level immediately below them

b)Staff Authority/ Staff management: -it does not provide a right to command. It is for the advisory and supportive purposes e.g legal department of a business. Employees who might offer specialist advice to any department without having any authority or responsibility for anyone in the department that they are advising

c)Functional Authority: -it is a right to give orders in a department other than your own. E.g on specific projects some specialists can be hired. For instance, calling a finance person to supervise a project

DELEGATION

-passing of authority down the organisational hierarchy. It is the act of assigning duties to subordinates. Authority to perform a task is passed to an employee in a lower level of authority. It is done to enable top managers to concentrate on major issues especially as the organization grows in size and complexity. Delegation of decision making should be done through giving subordinates sufficient authority to carry out the tasks.

-Delegation can be achieved if:
1. The subordinate possesses sufficient skills and experience
2. The objective is defined and understood
3. The subordinate is given sufficient authority and responsibility
4. The procedure is clearly understood
5. There is a clear schedule for completion of task

ADVANTAGES	DISADVANTAGES
- Gives senior managers more time to focus on important issues - Show trust in subordinates and this can motivate them - Develops and trains staff for more senior positions - Helps staff to achieve fulfilment through their work (self-actualisation) - It can allow the mangers to see which employees are perhaps ready for and capable of being promoted to a more responsible post.	- Inexperienced employees may fail and this may tarnish the good name of the manager - Managers will lose control of staff - When subordinates performs better than the manager, the manager may feel insecure - In most cases managers delegate boring tasks which demotivates employees - It may cause tension among a group of employees if one of them is given the authority to oversee the completion of a group task

Delegation and Accountability

At each level in the organisation tasks are delegated from chief executive officer at the top of the organisation down to the employees on the very bottom level, but if anything happens that causes the organisation to perform less well it is the chief executive who will ultimately have to answer to the shareholders.

DIFFERENCE BETWEEN AUTHORITY AND RESPONSIBILITY

Authority can be passed down and responsibility cannot. Thus the authority to perform a tsk can be passed to a lower level employee but the final responsibility for the successful execution of the work remains with the manager who delegate work. It is the manger's responsibility to ensure that the employee has the required skills and experience

CONFLICTS BETWEEN CONTROL AND TRUST THAT MIGHT ARISE WHEN DELEGATING
Delegation requires an element of trust. Trust on the part of the manager that their employee will carry out the work as required. Trust on the part of the employee that the manager will not interfere once the work has been delegated. When a manager performs a particular task themselves they have complete control about how and when it is done and the standard to which it is done. They must accept that they lose some control over the work if it is delegated to one of the employees in the hierarchy. If the manager check constantly how the work is done, the employee may sense lack of trust and may no longer be willing to undertake the task. However if the manger does not keep checking, how do they know that the work is being done and is being completed to the required standard. This a dilemma faced by people who delegate some of their work to others.

Decentralisation.

-Refers to a business delegating important decisions to lower divisions in the business

-decision making powers are passed down the organisation to empower subordinates and regional managers

Decentralisation means:

- ➢ **Less central control**
- ➢ **More delegation**
- ➢ **Decisions are taken 'lower down' in the organisation**
- ➢ **Authority is given to departments/ regions**

Advantages	Disadvantages
• **Decisions are made by managers who are 'closer to the action'** • **Managers feel more trusted and get more job satisfaction due to delegation** • **Decisions can be made much more quickly** • **The business can adapt to change more quickly**	• **Loss of control** • **Development of narrow departmental view**

FORMS OF DECENTRALISATION

a)Functional decentralisation: Specialist departments are given the authority to make decisions

The most common are:-   -human resources
                    -marketing
                    -finance
                    -production

b)Federal Decentralisation: authority is divided between different product lines eg separate truck/car/ bus divisions

c)Regional Decentralisation: in multinationals, each base in each country has authority to make its own decisions

d) Decentralisation by project: for a certain project, decision making authority is given to a team chosen from all functional departments

CENTRALISATION

A centralized organization is one in which most decisions are taken at the centre or upper levels of the organization. There will be minimum delegation to managers in the various departments
 **The degree of centralization depends on:**
     1. Cost
     2. Desire for uniform policy
     3. Size of the organization
     4. Management philosophy
     5. The quality of middle and junior management
     6. Availability of control techniques
     7. Geographical dispersion of the organization

Advantages	Disadvantages
1. Greater control of the business over the employees and the use of business resources **2**. decisions made will be consistent across all departments or divisions **3.** business image can be maintained due to the consistency of decision **4**. Easier communications due to the limited involvement of employees 5.employees working towards a common goal	**1**. no new ideas are brought in the management system. **2**. Rigidity i.e the business may not quickly adjust to an unexpected change **3**.delays in decision making **4.** prevents personal development for managers lower down the hierarchy

        Typical exam questions
Callow is a large retail business based in country X. 'Our employees are an important stakeholder', said the Managing Director. 'To make sure we stay profitable we need to motivate them.' Callow trains all of its shop employees by using off the job training.

Fig. 1: Callow Organisation Structure
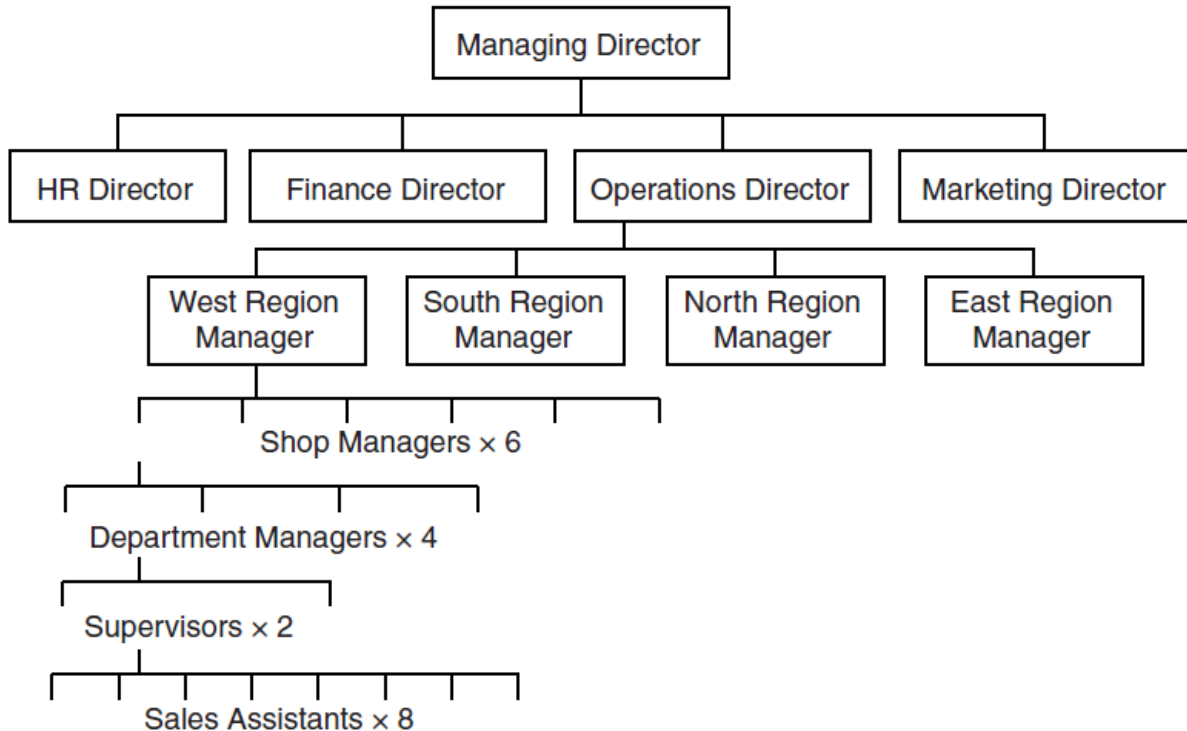
a) Identify **two** stakeholder groups, other than employees. **[2]**
(b) Identify **two** functions of management that each shop manager will have to perform. **[2]**
(c) Identify and explain **two** features of Callow's organisational structure. **[4]**
(d) Identify and explain **two** possible methods that Callow could use to improve the motivation of its employees **[6]**
(e) Do you think it is a good idea for Callow to use off the job training for all its shop employees? Justify your answer. **[6]**
(f) Identify two advantages and two disadvantages of using a wide span of control to this particular business **[4]**
(g) What is meant by the term 'Span of control' **[2]**
(h) Explain the term Delegation **[2]**
(i) What is the Span of control for each supervisor **[2]**
(j) Identify and explain **two** benefits to Callow of having an organisational chart. **[4]**

(k)distinguish between authority and responsibility **[3]**
(l)Briefly explain one advantage and one disadvantage of delegation **[4]**
(m)Explain two advantages of centralisation in a business context **[3]**
[Total 44]

Communication

Communication is the transfer of information from the sender to the receiver with the information being understood by both the sender and the receiver. Refers to the passing of information between two or more parties. Effective communication refers to the successful exchange of information between people, including some kind of feedback

Methods of communication

One-way versus Two-way communication:

- **One-way communication** occurs when information only moves in one direction, which is usually from top to bottom of the organisation. Feedback is not required. It is usually for the giving of information, orders or directions
- **Two-way communication**: refers to the successful exchange of information between people, including some kind of feedback. Thus information can travel vertically both upwards and downwards and in both directions between people on the same level of the hierarchy. Two-way communication can improve the co-ordination and co-operation between departments or divisions within a business

Vertical versus Horizontal communication

- **Horizontal communication**: communication between two employees at the same level of a hierarchy
- **Vertical communication:** refers to communication between different levels of a hierarchy. Manager and subordinate .

Channels of Communication

Refers to the route within an organisation structure taken by an information flow.

Role of Communication

Communication is needed

- To establish and disseminate goals of an organisation
- To develop plans for their achievement
- To organise human and other resources in the most effective and efficient way
- To select, develop and appraise members of the organisation
- To lead, direct and motivate people
- To control performance.

The communication process

Sender of the message: Communication begins with the sender who has a thought or and idea which is then encoded in a way that can be understood by both the sender and the receiver.

Transmission of message: The information is transmitted over a channel that links the sender with the receiver. The message may be oral, written or visual.

Receiver of the message: The receiver has to be ready for the message so that it can be decoded. Accurate communication can only occur when both the sender and the receiver attach the same meaning to the message.

Noise and Feedback: We can never be sure whether or not a message has been effectively encoded, transmitted, decoded and understood until it is confirmed by feedback.

Methods of communication

Types of Communication

Written Communication

It includes letters, memos, reports, notices, faxes and e-mails.

Letters: -they are used when applying for a job, requesting for something, informing employees of any impending redundancies etc

Advantages

- Provides records and references. The receiver can re-read
- Message can be carefully drafted and directed to large audience through mass mailing
- It promotes uniformity in policy and procedures.

Disadvantages

- It may create mountains of papers.
- May be poorly expressed by ineffective writers.
- It may long time to receive and properly understood.
- Information can be misinterpreted

Reports: -formal means of communication, they are used in schools colleges to give information about the progress of the student. Some are issued by companies i.e annual reports. Some are used when a managers wants a stubborn employee to narrate his or her case

Advantages

- Reports can be very detailed and can include diagrams to illustrate some information
- Provides a permanent record of information
- Information is provided in a logical way

Disadvantages

- Some information might not be read if the report is too long
- Information can be misinterpreted

Notice boards: It can be used for a planned social event or meeting. It also includes posters

Advantages

- The information is available to many people at the same time

- It is cheaper to use

Disadvantages

- There is no guarantee that the intended recipients will see the information
- The reactions of people to the information will be unknown
- The information cannot be targeted at a specific group of people

Emails: -it's a quick means of communicating both internally and externally

Advantages

- A fast way of communicating regardless of where in the world the sender and recipient
- Supporting documents can be attached so that a lot of information can be transmitted quickly

Disadvantage

- May provide no immediate feedback. Some open their emails after a long time
- Information overload where too many emails are send.
- It may long time to receive and properly understood.
- Can lead to cyber related crimes
- The illiterate cannot use the internet

Websites: -many businesses convey information about their activities on a business website. The business can display mission, products offered, jobs, prices on the website.

Advantages

- A lot of information can be made available on a website
- If the website is very professional and sophisticated the business can project a good image
- A website is a relatively low-cost form of communication for businesses once the site has been established
- It allows businesses to make contact with people who they are not yet in formal contact with

Disadvantages

- The information made available on a website is accessible to everyone who visits the site. Thus competitors can have information which can be used to their advantage
- There is the potential for malicious individuals to gain access to the website and to add harmful information or comments

Social media: -social media include face-book, twitter. Many people invite people to follow them on social media so that up-to-date information can be given out about business activity

Advantages

- Faster communication with people outside the business
- Immediate reaction from people can be obtained through responses posted on social media
- Such interaction between the business and its customers might allow the business to be more responsive to the needs of its customers

Disadvantages

- There is a danger that information might be released through social media that was not intended for public knowledge
- The target market of the business might not be in the section of the population that habitually uses social media
- Someone within the business will have to allocate time to manage the face-book or twitter communications

Oral Communication

Oral communication includes one to one conversations, interviews, appraisal sessions, group meetings or team briefings.

Meetings
Advantages

- It allows two way communication and feedback.
- It encourages motivation.
- It is fast and feedback can be received instantly.
- The message can be reinforced with the proper use of body language.

Disadvantages

- Body language of both the sender and receiver may have a negative impact.
- It may be unsuitable for information which is technical in nature.
- Meetings can be time consuming

Telephone/ Mobile phones

Advantages

- It allows two way communication and feedback.
- It is fast and feedback can be received instantly.
- Employees can be in contact 24 hours a day , 7 days a week.
- Messages can be send/ received and they will act as a record

Disadvantages

- There is no record of what was said
- The body language of the people involved cannot be seen
- There is no guarantee that the person on the other end of the phone is actually listening and paying attention to what is being said

Visual Communication

Visual communication usually includes diagrams, pictures, charts and pictorial representation of the message.

Advantages

- Easy to understand and retain the information.
- May be more interesting than simple written communication.

Disadvantages

- It is not always clear and the may be misinterpreted by the receiver.

Electronic Communication

Video Conferencing: a video-conference can be held between two or more people in a variety of locations

Advantages

- Saves time because do not need to travel to meetings
- The costs involved in travelling to meetings are saved
- People working in different parts of the world can hold regular meetings in this way.
- The cost of equipment is small compared to the costs saved
- It allows for some eye contact to be made and for body language and tone of voice to be observed

Disadvantages

- It is difficult to judge the body language of those participating
- Any time lag can disrupt the fluency of the discussion
- High Installation costs
- It can be difficult to assess who wants to have an input if the group is large
- Physical sampling of products of new products such as new chocolate bar or a new blend of tea is not possible

Flow of communication

In an organization, communication flows in various directions:

- **Downward communication:** Downward communication flows from people at higher level to those at lower levels in the organization hierarchy. This kind of communication exists especially in organizations with an authoritarian leadership style. Examples of written downwards communication are memo, letters, handbooks, policy statements and procedures.

- **Upward communication:** This communication travels from subordinates to superiors and continues up the organizational hierarchy. This type of communication is found in participative and democratic organizational environments. Typical means of upward communication are suggestion systems, appeal and grievance procedures, complaint systems, counselling sessions, grapevine, group meetings, morale questionnaires and the exit interview.

- **Crosswise communication:** It includes the horizontal flow of information between people on the same or similar organisational levels and diagonal flow between persons at different levels who have no direct reporting relationships. This kind of communication is used to speed information flow, to improve understanding and to coordinate efforts for the achievement of organisational objectives. It

may include oral communication ranging from informal meetings , or more formal conferences and board meetings. Written forms include company newspapers or magazine and bulletin boards.

Barriers to Effective Communication

Barriers to effective communication mean the reasons for a breakdown in communication. It refers to anything that prevents the receiving and understanding of information. These breakdowns may be for arising due to:
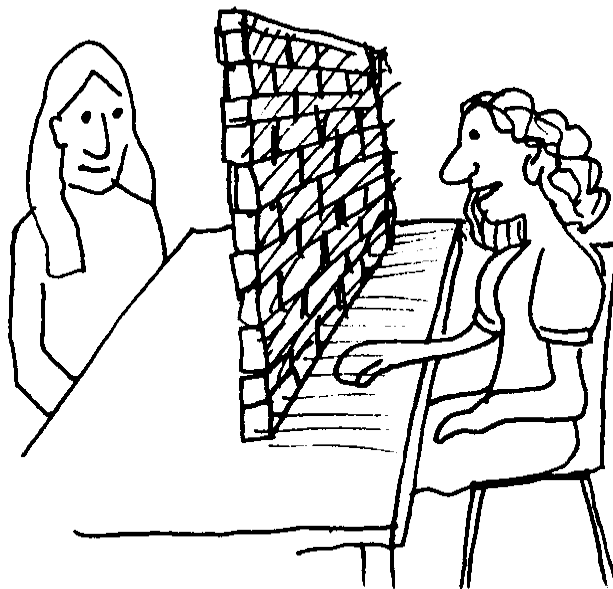
Problem with the sender

- The sender may use to technical language or may use 'jargons' which are difficult to understand.
- The sender may speak too quickly which makes it difficult to interpret what he is saying.
- The sender initiates a wrong message.
- The message send by the sender may be too long and due to this the main point to be emphasized may get lost.
- The sender may have a wrong opinion or perception of the receiver and may not put effort to put across the message in an effective way.

Problem with the medium

- The message may be lost while transmitting.
- Using an inappropriate medium may result in the less effective communication.

- A longer channel of communication will result in distortion of the message and it may lose its original meaning.
- There is lots of physical disturbances in channel of communication used.

Problem with the receiver

- The receiver might not be paying attention and thus the message may lose its impact.
- In many cases, the sender might not be trusted by the receiver and may not act in the intended way.
- The receiver may not have the necessary skills to understand the message.

Problem with the feedback

- The feedback may be missing or distorted.

Steps to overcoming barriers to communication Sender

- Message should be as brief as possible and to the point.
- Main points of the message should be highlighted.
- Language used should be understood by the receiver.
- Avoid using technical jargons.
- Use of appropriate facial expression while delivering verbal messages.

Medium

- Select appropriate channel for communication.
- Medium used should be free from distortions such as telephone failure etc.
- Use the shortest possible channel in order to avoid distortion.

Receiver

- Feedback should be asked from the receiver.
- Trust between the sender and receiver is an important requirement.
- Receiver should pay attention to the message received.

How to select the appropriate media?

There is no 'best communication method'. The method of communication may be chosen after considering the following factors:

How much does it costs?

- Electronic media cost a lot and may not be afforded by an organization whereas face to face discussion does not involve any cost.

How fast should be the communication?

- Oral communication is always faster than written communication. Moreover, with the advent of electronic media large message can be transmitted over large geographical areas in the minimum of time.

How much information is to be transmitted?

- Written communication may be more suitable when dealing with loads of information.

What is the importance of feedback?

- In organizations where employees' feedback is an integral part of decision making, Oral communication may be the most important form of communication.

## Do you want a permanent record of information?

- Written communication is most suitable form of communication when a permanent record of the message has to be kept. For example, an employee contract records the terms of employment.
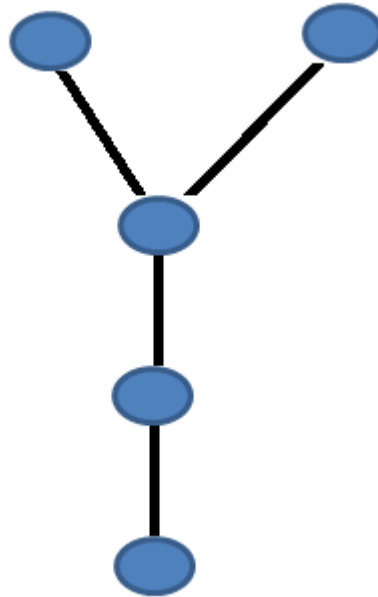
Communication networks

a)Wheel Network: one person is controlling information and contact between the different participants. i.e the chief executive office communicating with different branch managers. Two-way communication between the chief executive and one branch manager can occur. Communication is dominated by one person. There is low creativity
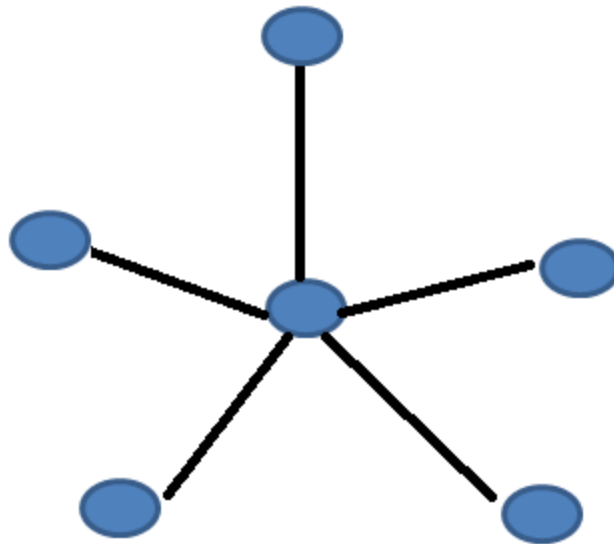
b)Circle Network: information is not freely exchanged between the members of the circle. Each person within the circle maintains contact with two others. There is greater motivation and high morale , there is two-way communication. Slow decision making due to lack of co-ordination
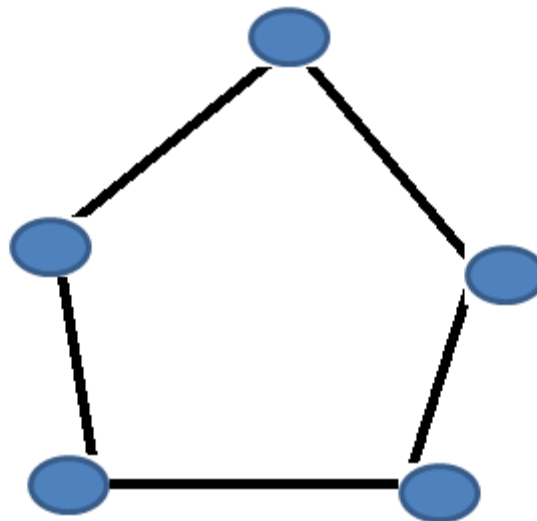

c)Y-network: combines the wheel and chain network. There one person who control information

d)Chain Network: the chain network follows the hierarchical structure within an organisation. The communication can be one-way or two-way depending on the culture in the organisation. The leader is full control of the information which is passed down the hierarchy.

e) Integrated / Connected Network: it is referred to as an all-chain network. Information is allowed to pass freely between all those involved. There is no set pattern or channels for communication. It provide best solutions to complex problems. Morale is very high due to participative approach in decision making. One problem is that it may be difficult for all the people to agree on one thing.
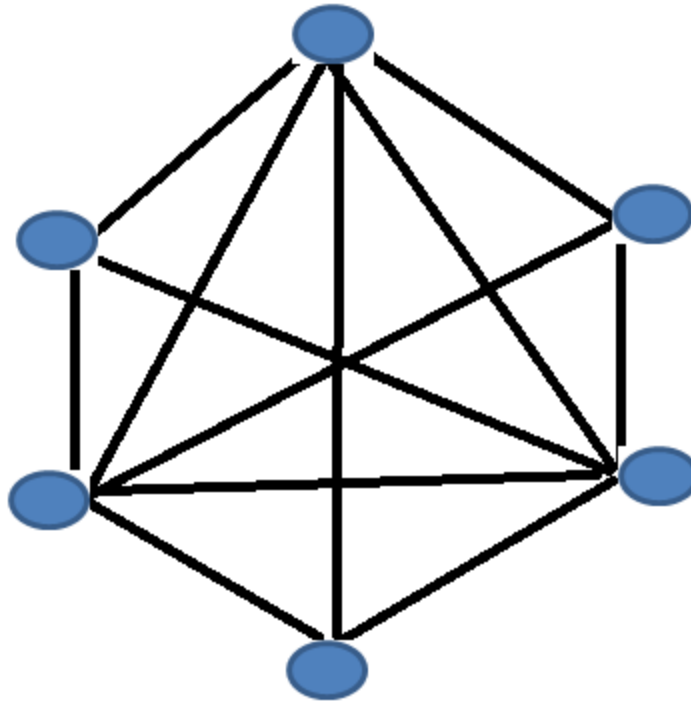
INFORMAL COMMUNICATION
Information is passed or exchanged outside the formal communication channels. It is the communication among the people of an organisation not on the basis of formal relationship in the organisational structure but on the basis of informal relations and understanding. It is also referred to as grapevine which indicates informal means of circulating information or gossip. Occurs when person A tells B, person B tells C, person C tells D etc. Informal discussions can occur during lunch time or after work

Advantages
- Enable employees to understand instructions from the top management especially when they are explained by other workers informally.
- Informal system covers the gap or shortcomings of formal communication system
- Improved relationships. Any problem between the workers and the management can be solved by informal system. Thus it makes good relationships among employees and management.
- Increases efficiency. Under informal system, the employees discuss their problems openly and they can solve it. Thus work is done properly
- Problems can be easily and quickly identified. New ideas, suggestions, opinions may come out through such communication as people can express their feelings without fear,
- Flow of information is fast and is suitable for emergencies

Disadvantages
- Maintaining secrecy is impossible
- It is very much difficult to control the information
- The original information may be transformed to wrong information (i.e spread rumour)
- Has no documentary evidence. No one can be held responsible as it is not possible to find out the supplier of wring information in the case of an enquiry
- Can be time wasting
- Can create conflicts between employees

Formal Communication

Refers to communication which follows established systems, rules, regulations, procedures or any prescribed ways and means.

Advantages

- Smooth communication system. Everyone is aware of where and how to send the information to.
- There is permanent record. The supplier of information can be identified
- Less errors and mistakes. Managers must pass instructions to employees regarding how the task is performed
- Co-ordination of work. There is order since orders usually come from the top to the bottom
- Reliable. Formal communication is more credible for sending important information

Disadvantages

- Wastage of time
- Inflexibility. When somebody is absent it is not possible to make some changes
- Lack of initiative. Everybody does his/her duty by following specific predetermined systems

Exam Questions

1. Briefly explain two possible barriers to communication **[3]**
2. Give two benefits of written communication **[2]**
3. Identify two spoken (verbal) forms of business communication **[2]**
4. Briefly explain two reasons why effective communication is essential to a business **[4]**
5. Explain the difference between a wheel network and a circle network giving examples when each may be used
[4]
6. Which type of network might an autocratic manager may use. **[1]**
7. Distinguish between formal and informal communication **[4]**
8. Discuss the potential implications for businesses of not having an effective system of communication **[14]**

Essays

9.Brunson Ltd is a confectionery and soft drinks manufacturer. It has doubled the number of employees in recent years by opening two factories in other countries to supply local markets there. Discuss how Brunson might ensure the effective internal communication in the firm is achieved
[20]

10.Discuss the two-way link between communication methods and employee motivation, drawing on examples of both poor and appropriate communication methods **[20]**