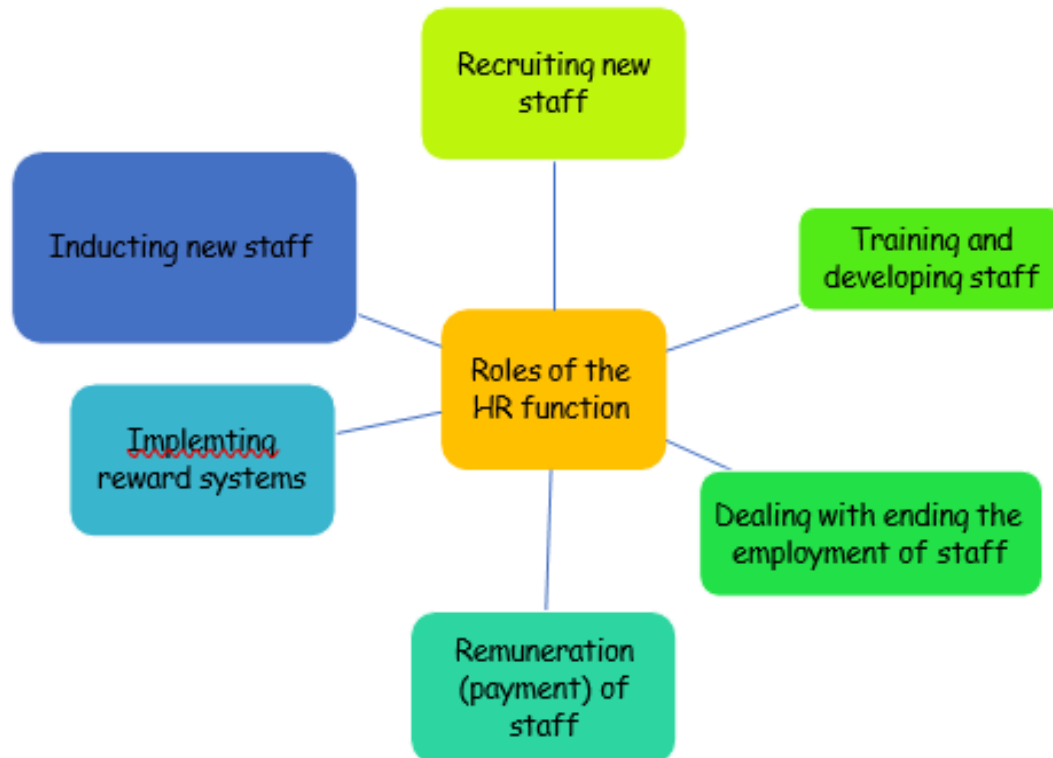


### 3.1 The role of human resources

<b>Human Resources (HR)</b>	The functional area of the business that is responsible for coordinating staff-related issues
<b>Functions</b>	Different types of work that need to be done in business e.g. in production, finance or marketing
<b>Identifying HR needs</b>	The act of thinking about the purposes of HR and how many and what type of workers will be needed
<b>Personnel plan</b>	A plan detailing the employees a business <u>needs</u> - how many, whether they will be full or part time workers, the skills they should have and when they will work



Staffing issues can be complex, so HR will produce a Human Resource Plan, which will identify:

**The Type of Contract They Have**

*Will staff need to be permanent, temporary or flexible*

**How Much Staff Will be Paid**

*What can the business afford to pay, and what do others pay*

**Where Staff Will Be Based**

*Will staff be based in a particular office, at home, or be mobile*

**The Number of Staff Needed**

*How many staff are needed, and will they be full-time or part-time*

**How Employment Law Will be Met**

*HR will need to ensure all these activities comply with the law*



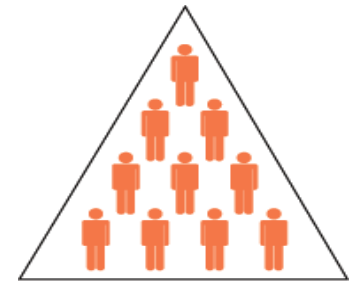
Factor	Influence on the human resource need
What it produces	Are skilled or unskilled workers needed, or a mix of both?
How much it produces	How many workers will the business need?
The method of production	Can machines rather than workers be used?
When production takes place	Are workers needed seven days a week or only on specific occasions?
The 'functions' or 'jobs' to be completed	What type of workers are needed - finance, production, marketing, human resources?
The budget available to the business	How much can be spent on workers?

### 3.1 Organisational structure

<b>Organisational structure</b>	How people and departments are arranged within a business
<b>Organisational chart</b>	A diagram that shows how the workers are organized in a business and who is in charge of whom
<b>Authority</b>	The power that one person has to make decisions and to give instructions to those workers they are in charge of. A line manager is the person in charge of other workers.
<b>Delegation</b>	Process where the manager gives a subordinate responsibility to make certain decisions, but the manager remains ultimately responsible
<b>Subordinates</b>	Workers that a line manager is responsible for
<b>Span of control</b>	the number of employees that are managed by a manager.
<b>Chain of command</b>	the path of authority along which instructions are passed, from the CEO downwards

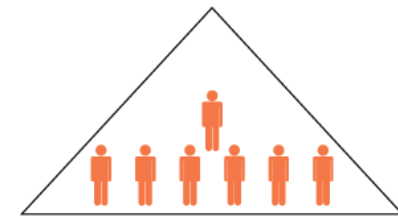
	<b>Tall structure</b>	<b>Flat structure</b>
<b>Advantages</b>	<ul style="list-style-type: none"> <li>• <b>Clear lines of communication</b></li> <li>• <b>Narrow span of control</b></li> <li>• <b>More opportunities for promotion</b> within the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Managers <b>delegate responsibilities</b> - good for <b>motivation</b></li> <li>• structure is good for <b>generating ideas</b></li> </ul>
<b>Disadvantages</b>	<ul style="list-style-type: none"> <li>• Subordinates <b>feel too controlled</b> - can <b>stifle motivation</b></li> <li>• Workers <b>only talk to immediate colleagues</b> and may be less sympathetic or supportive</li> </ul>	<ul style="list-style-type: none"> <li>• <b>not</b> always <b>clear lines of communication</b></li> <li>• <b>Wide span of control</b></li> <li>• <b>Few promotion opportunities</b> - reduce motivation</li> </ul>
<b>Suitability</b>	<ul style="list-style-type: none"> <li>• Suit large organisations such as hospitals</li> <li>• Suit non-creative businesses where workers perform limited, clear tasks, for example, a building company</li> </ul>	<ul style="list-style-type: none"> <li>• suitable for creative businesses, such as computer game design</li> <li>• good for smaller businesses because they can help workers feel valued</li> </ul>

#### Tall Organisational Structure



Many layers of staff from top to bottom.

#### Flat Organisational Structure



Only a few layers, maybe as little as 2 or 3.

Businesses can be organised in different ways.

1. **Organised by function** - functional areas
2. **Organised by product** - different products
3. **Organised by place** - by locations

**Reasons why they choose different charts:**  
**Effective communication** - whichever way results in the best communication for their organisation

**Different job roles and responsibilities** - may be more beneficial to have those in the same functions together

**Different ways of working** - whether the business needs creative working or have clear tasks

### 3.2 Ways of working

Way of working	Definition	Advantages to the business	Disadvantages to the business	Advantages to the worker	Disadvantages to the worker
Full time	When a person works 35 hours or more per week	Worker permanently available for the business	Worker may be paid at a time no work is being done	Paid for a full working week	Tied to working a full working week throughout the year
Part time	When a person works less than 35 hours per week	Worker can be asked at specific times the business needs	May have to train more workers than if it only had full-time workers	Can work when it suits them e.g. during school hours	Only get paid for the hours they work meaning they don't earn enough
Flexible working	People working partly at their place of work and partly elsewhere e.g. home	May result in motivated workers who like the flexibility of when they will work	The worker may not be available to work when needed by the business	Can work at times that suits them e.g. work four long days and take the fifth day off as flexi-time	May not be offered as much work as they want
Temporary working	Person only works for a short period of time e.g. short-term contract	Only need to employ the person when they need them e.g. at Christmas time	May find it difficult to recruit enough workers at times when they are needed	Can work and earn for a period and then have time to do other things they want to e.g. holidays	May find there are times of the year when there is no work for them
Working from home	Person completes in their home	The business may save costs by not having to provide office space	Communication may not be good, reducing their efficiency	Saves time and money by not having to travel to work	May find there are distractions at home e.g. children
Working while mobile	When people work while they are on the move, travelling or on holiday	The business benefits from the increased productivity of the worker	May not be able to monitor they are working as much as he or she should	Can take full use of their time, even when they are travelling	May feel under pressure to work a lot, even while on holiday
Self-employment	When people work in their own business, selling their work to buyers who may be consumers or other businesses	Can use for specific jobs and not pay national insurance or pension contributions for the worker	Self-employed person may not work in the way the business wants or trains their staff	May like being in control and may be highly motivated	Less job security for the worker as there may be times when there is no work and so no income





### 3.3 Communication in business

<b>Communication</b>	The transmission of a message from a sender to a receiver through a means of communication
<b>Verbal communication</b>	Communicating by speaking - in meeting, on the telephone, by video conferencing or through a presentation
<b>Written communication</b>	Communication by written words - text, email and letters.
<b>Digital communication</b>	The electronic exchange of information using ICT

#### Importance of business communications

Good communication and feedback is very important in business. Communication can be internal or external.

#### How communication is important to functional areas:

**Marketing** - important for researching what customers want and telling them about new products/services.

**HR** - used to recruit, appraise and resolve problems

**Business operations** - used to find out how many products to produce and discuss any problems with quality

**Finance** - to arrange bank loans, to send and pay bills and to provide information about sales and purchases to keep accurate accounts

**With government** - to know the rules and regulations or to ask for help e.g. with money or to change rules or regulations

Method of communication	Advantages	Disadvantages
<b>Verbal/spoken</b>		
<b>Phone</b>	<ul style="list-style-type: none"> <li>good for discussion of ideas or problems and making arrangements</li> <li>immediate</li> </ul>	<ul style="list-style-type: none"> <li>no record of the discussion</li> <li>difficult with long waiting times to get through to a call centre</li> </ul>
<b>Meeting</b>	<ul style="list-style-type: none"> <li>good way to exchange ideas and to check understanding</li> <li>Minutes provide a record of the meeting</li> </ul>	<ul style="list-style-type: none"> <li>expensive to get people together</li> <li>if it is a formal meeting, it can take time to arrange</li> </ul>
<b>Presentation</b>	<ul style="list-style-type: none"> <li>speaker has time to prepare in advance what they wish to say and then to explain clearly</li> <li>possible to ask questions to help understanding</li> </ul>	<ul style="list-style-type: none"> <li>a lot of listeners- difficult to check they all understand</li> <li>take time to arrange and can be expensive</li> </ul>
<b>Non-verbal/written</b>		
<b>Letter</b>	<ul style="list-style-type: none"> <li>provides a record of the communication</li> <li>sender has time to make sure ideas are clearly expressed. reader can read the message many times</li> </ul>	<ul style="list-style-type: none"> <li>takes time for letters sent in the post to be delivered</li> <li>if the meaning of the message is unclear, it is difficult for the receiver to check</li> </ul>
<b>Email</b>	<ul style="list-style-type: none"> <li>fast method of communicating</li> <li>good for short messages although attachments are a way of adding more information</li> </ul>	<ul style="list-style-type: none"> <li>person may not check their emails regularly</li> <li>bulk emails are often ignored and deleted or lost in spam</li> </ul>
<b>Text</b>	<ul style="list-style-type: none"> <li>fast method that can include a lot of people</li> <li>receiver can save the text to remember details in the message, for example, of an appointment</li> </ul>	<ul style="list-style-type: none"> <li>only limited information can be given</li> <li>not good for discussing ideas</li> </ul>
<b>Social media</b>	<ul style="list-style-type: none"> <li>message can be sent to selected groups or in bulk to large numbers cheaply</li> <li>sometimes pictures can be added to the message</li> </ul>	<ul style="list-style-type: none"> <li>need someone to manage the communications, for example, responses from receivers</li> <li>it is not always easy to judge how successful the message has been</li> </ul>
<b>Website</b>	<ul style="list-style-type: none"> <li>saves money</li> <li>customers can order online so the business may not need to have a shop or office accessible to customers</li> </ul>	<ul style="list-style-type: none"> <li>customers cannot ask for information easily</li> <li>customers cannot view the goods</li> </ul>



- These digital tools have impacted on business activity in a number of ways, including:

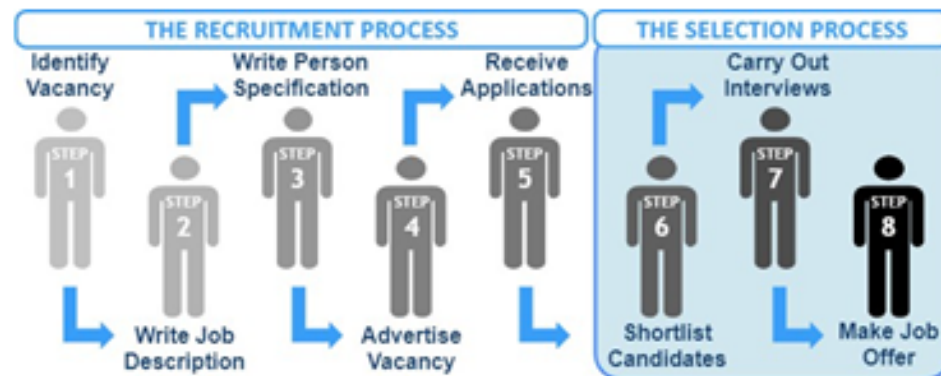


### 3.4 Recruitment and selection

<b>Recruitment</b>	The process of finding people to work in a new or established business
<b>Internal method</b>	Includes notice boards, word of mouth, company website and emails to staff
<b>External method</b>	Includes websites, newspaper, social media and specialist magazines
<b>Skills gap</b>	When a <u>business recruits skilled workers</u> because it is short of them
<b>Job description</b>	A list of the main duties, tasks and responsibilities of a worker
<b>Person specification</b>	A list of the qualities, qualifications and knowledge that a person should have to do a particular job
<b>Selection</b>	The process of choosing between applicants for a job

Why businesses recruit:

- Employees needed when starting up a business
- Employees needed when growing a business
- To fill a skills gap
- To replace employees who have left



Internal Advantages	External Advantages
+cheaper	+range of skills
+less training	+more experience
+motivated	+more applicants
+quicker	+new ideas




Internal Disadvantages	External Disadvantages
-Lack of skills/ideas	-expensive
-less applicants	-induction training
-conflict	-may not fit in with workforce

Method of selection	
<b>Letter of application</b>	Applicant uses this to explain why they think they are suitable for the jobs. It's helpful to see how well the applicants information is put together
<b>CV</b>	Summary of personal details, qualifications and experience
<b>Application form</b>	The business can specify the information it needs and all applicants fill in the same form. It's a good way to compare them
<b>Interview</b>	The business asks questions of the applicants. It's good for finding out what they have to say and judging their personality and communication skills
<b>Tests and presentations</b>	Checks an applicant's ability for specific skills e.g. typing. The presentation enables the applicants to show their ideas and communication skills
<b>Reference</b>	A statement from a previous employer to give information about work done by an applicant and how well they did their job
<b>Group activities</b>	Applicants work on a task together. Good for showing their team working skills

Media	Internal or external
<b>Website</b>	Both
<b>Social media</b>	Both
<b>Local newspapers</b>	External
<b>National newspapers</b>	External
<b>Specialist magazines</b>	External
<b>Job centre</b>	External
<b>Word of mouth</b>	Both
<b>Email</b>	Internal
<b>Noticeboard or company magazine</b>	Internal





### 3.5 Motivation and retention

#### Financial methods of motivation

Method	Definition	Advantage	Disadvantage
<b>Bonus</b>	Lump sum of money for reaching a target	-only get it if target reached -increases production or sales	-target may be too high -lump sum may be small
<b>Profit sharing</b>	% of profit paid to employees 	-workers feel part of a team -will aim to be efficient so the business makes more profit	-if the business doesn't make any profit then employees get no reward -depends on the percentage of profit they decide to share
<b>Increase salary</b> 	Lump sum split between 12 months (increased)	-workers get more pay which is guaranteed -keeps highly skilled staff within the business	-workers may not become more productive or efficient -depends how much the increase is by
<b>Increase wage</b>	Workers are paid more per hour	-workers get more pay per hour and will want to work more hours	-workers may not become more productive or efficient -motivation depends on how much the increase is
<b>Fringe benefits</b> 	Workers are given additional benefits such as company car, gym membership	-benefits a worker may not be able to afford themselves -attractive to potential employees -leads to worker loyalty	-some employees may not appreciate the benefit -may be very expensive for the business

<b>Labour turnover</b>	A measure of the number or proportion of staff who leave an organisation each year and who therefore need to be replaced
<b>Motivation</b>	Encouragement give to workers to work well
<b>Retention</b>	When workers choose to stay employed in a business rather than leaving to work elsewhere

## Non-financial methods of motivation

Method	Definition	Advantage	Disadvantage
<b>Working environment</b> 	Better facilities such as staffroom, drinks machines, canteen	-workers enjoy coming to work -they feel the business values them enough to have nice facilities	-it's not financial and employees may not benefit/enjoy
<b>Job rotation</b> 	Workers move around different work stations in the business	-workers get variety and to learn new skills -workers get to try different tasks	-workers may not like change or are not as good at all tasks -workers will require additional training which increases costs
<b>Award scheme</b> 	The worker is given recognition of hard work. Can be a certificate or employee of the month	-workers feel valued -workers feel their hard work is recognised	-some workers may feel they aren't recognised as it is only once a month -may create conflict between workers who don't get recognised
<b>Job enrichment</b>	Workers are given more responsibility	-workers feel valued and that their opinion matters -workers feel trusted that they can make decisions	-workers may make the wrong decision -workers may feel that they are making all of the decisions and are not supported
<b>Job enlargement</b>	Workers are given more tasks to complete 	-workers have lots of tasks to do so they don't get bored -workers get a sense of achievement from completing tasks	-workers may be overwhelmed by the amount of jobs they have to do -workers may rush to get jobs finished which can effect quality

If business can motivate staff it ultimately leads to:

- High worker productivity
- Reduced level of worker supervision
  - Low worker absenteeism
  - Improved quality
- Staff retention - limits recruitment costs, saves time and will be easier to recruit in the future





### 3.6 Training and Development

<b>On the job</b>	This is training done at the workplace. The training is given by a more knowledgeable/experienced member of staff.
<b>Off the job</b>	This is training at a specialist training centre. Can involve an employee gaining a qualification.
<b>Induction training</b>	This is training completed at the very start of employment. It can be an induction day or week. New employees are shown where things are, fire evacuation plans, the business aims and objectives.
<b>Lifelong learning</b>	This is where there are opportunities to continue to develop your learning. GCSE, ALEVEL, degree, masters etc.
<b>Skills shortage</b>	In certain industries there are not enough skilled staff to fill the demand for labour

The main methods of one-the-job training include:

- **Demonstration / instruction** - showing the trainee how to do the job
- **Coaching** - a more intensive method of training that involves a close working relationship between an experienced employee and the trainee
- **Job rotation** - where the trainee is given several jobs in succession, to gain experience of a wide range of activities (e.g. a graduate management trainee might spend periods in several different departments)
- **Projects** - employees join a project team - which gives them exposure to other parts of the business and allow them to take part in new activities. Most successful project teams are "multi-disciplinary"

Common methods of off-the-job training include:

- Day release (employee takes time off work to attend a local college or training centre)
- Distance learning / evening classes
- Block release courses - which may involve several weeks at a local college
- Sandwich courses - where the employee spends a longer period of time at college (e.g. six months) before returning to work
- Sponsored courses in higher education
- Self-study, computer-based training

	<b>Advantages</b>	<b>Disadvantages</b>
<b>On-the-job training</b>	+ cheaper + specialised in the way that business works + workers can be productive whilst training	- may be taught the wrong way - may make mistakes when training - potential disruption to production
<b>Off-the-job training</b>	+ can gain qualification + taught by experts + employees more confident when starting job	- expensive - time consuming - not all workers are comfortable in different environments

#### Why is training important?

- Improve productivity of workers
- Improve motivation of workers
- Ensures employees are up to date with changing technology
- Makes a business more efficient
- Improves retention of staff



### 3.6 Staff Development

<b>Apprenticeship</b>	A long-term development programme for workers to learn jobs skills while they work
<b>Professional development</b>	Involves developing the long-term potential of workers
<b>Staff development</b>	Involves learning over a long period of time. Includes apprenticeships, external courses and professional development programmes.

Apprenticeship	Professional development programme
A <u>long term</u> learning programme - often over two, three or four years	A long-term programme - often two years or more
Usually leads to a specific National Vocational Qualification <u>e.g.</u> Level 2 qualification in childcare	May lead to a professional qualification e.g. a Chartered Surveyor. It may lead to general academic qualifications such as a degree
It develops skills and knowledge relevant to a specific job, i.e. veterinary nursing	It contributes to a person's general education and allows them to develop a set of skills and body of knowledge related to a specific vocation, such as medicine
Available at two main levels - intermediate (for people with GCSEs) and advanced (people with GCSEs and A-Levels). Some apprenticeships go to degree level work and beyond	Professional development applies at all levels from junior to senior workers
The development programme is usually completed partly in the <u>work place</u> and partly in a college	Professional development programmes often include a high academic content completed at college or online, but there will also be a practical element

#### Benefits to employee of staff development:

- + develop skills and gain qualifications
- + may receive a promotion as a result
- + paid while they develop new skill

#### Benefits to businesses of staff development:

- + can motivate workers - increased output and improvement in quality
- + improve staff retention - saves costs of recruitment
- + help business meet future staffing needs
- + aid recruitment of workers
- + help to overcome skill shortages

#### Drawbacks to businesses of staff development:

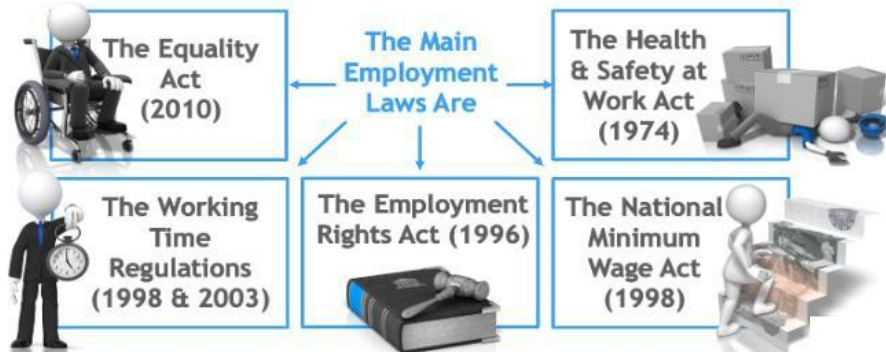
- costly
- timely
- staff may leave for a better job when they complete their training

### 3.7 Employment law

<b>Contract of employment</b>	A legal agreement between an employer and employee
<b>Discrimination</b>	Treating one worker differently to another for no acceptable reason
<b>Employment law</b>	Regulations and rules put in place to protect workers from employers who may treat them unfairly
<b>Statement of employment particulars</b>	Part of a contract of employment, it gives details of the terms of employments

■ The government has enacted a number of laws in order to:

- Protect the safety of workers
- Prevent businesses from exploiting staff



#### Contract of employment

Makes it clear what the worker is being employed to do and the pay and conditions that the business will give to the worker, including holiday entitlement.

Effects of providing one:

- increased cost - to cover workers on holiday or who only work a limited number of hours
- managing staff holidays to ensure there are always enough workers

Holiday entitlement:

Number of days worked per week  $\times$  5.6 = holiday entitlement

$$5 \times 5.6 = 28 \text{ days}$$

$$2 \times 5.6 = 11.2 \text{ days}$$

The average number of hours worked

Number of hours worked =

average number of hours

17

799 hours worked = 47 hours on average

17

#### Equality Act

A person cannot be treated differently on the grounds of:



A business must not:

- Pay workers differently for doing the same work
- Favour certain type of people when recruiting
- Discriminate when promoting or training workers
- Allow workers to be mistreated by other workers

A business that does discriminate may find:

- Staff become less motivated
- Performance of the business is affected
- Workers decide to leave so business must recruit more staff
- Poor reputation - reduce sales and profit and affect recruitment
- Can be fined and made pay compensation

A business that takes action against discrimination may find:

- It increases costs
- It needs to rewrite recruitment and training policies to prevent discrimination
- It needs to monitor what goes on in the business to prevent discrimination taking place



