

2.1 Introduction to human resource management

Topic 2: Human resource management

Unit content

Content	Assessment objective
<u>Role of human resource management</u>	AO2
<u>Internal and external factors that influence human resource planning:</u> <ul style="list-style-type: none">• <u>Demographic change</u>• <u>Change in labour mobility</u>• <u>Immigration</u>• <u>Flexitime</u>• <u>Gig economy</u>	AO2

Unit content (continued)

Content	Assessment objective
<u>Reasons for resistance to change in the workplace</u>	AO2
<u>Human resource strategies for reducing the impact of change and resistance to change</u>	AO3
Business Management Toolkit: <ul style="list-style-type: none">• <u>STEEPLE analysis</u>• <u>Force field analysis (HL only)</u>	
<u>Introduction to human resources and the business management concepts</u>	

What is human resource management?

- Brainstorm as many words you associate with human resource management as possible.
- Write each word down onto an individual sticky note.



Role of human resource management



Human resource management

- Human resource management (HRM) is the management function of deploying and developing people within an organization to meet its business objectives.



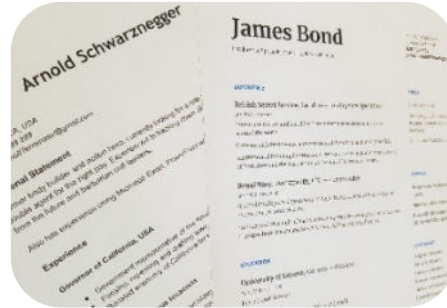
A day in the life of a human resources department



The functions of HRM



Workforce
planning



Recruitment and
selection



Training and
development



Performance
management



Pay and
remuneration



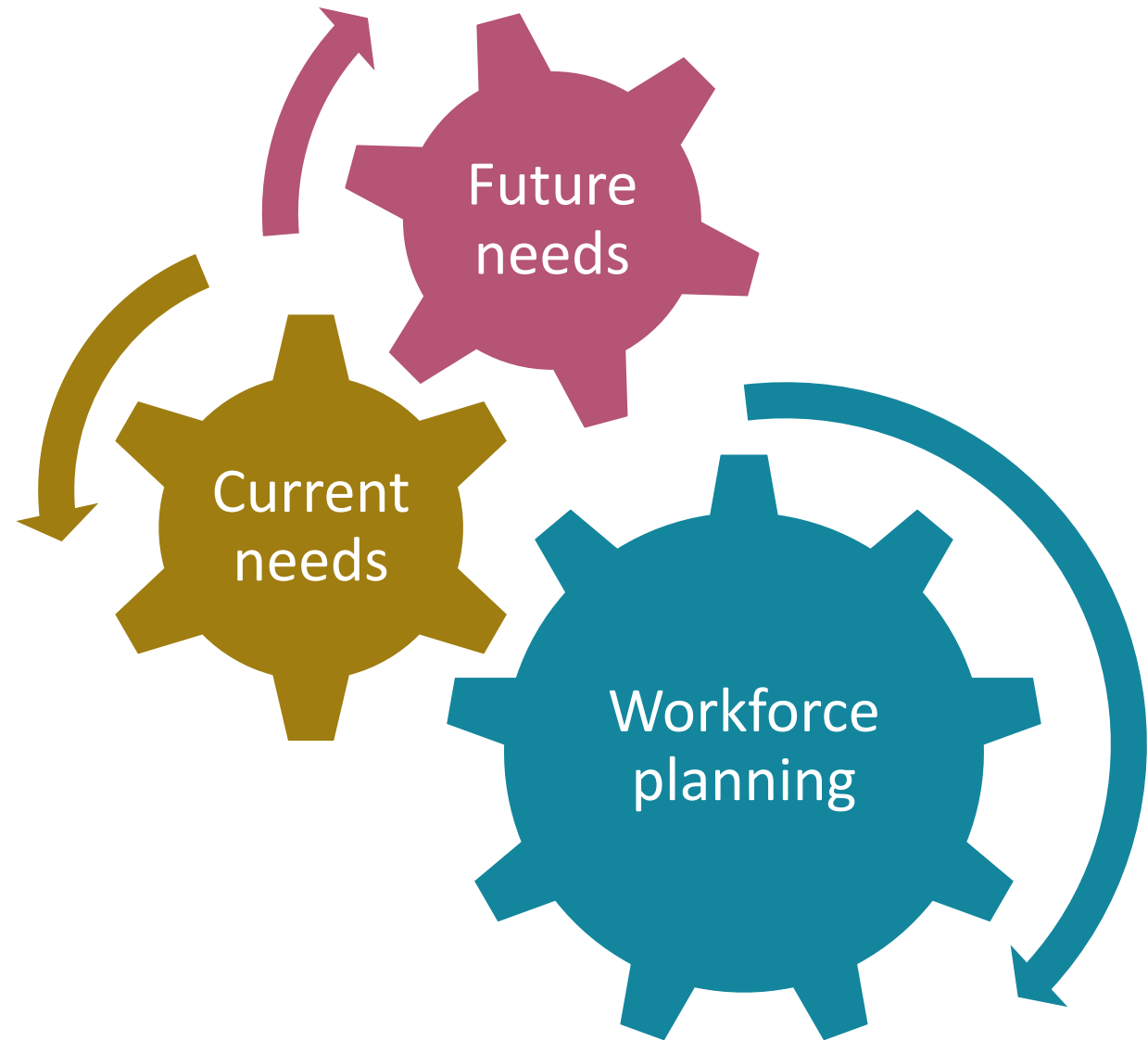
Discipline and
grievances



Employee
welfare






Workforce planning

- Workforce (or human resource) planning is the process of anticipating and meeting an organization's current and future staffing needs.
- Many entrepreneurs argue that people are a firm's most valuable asset. Thus, workforce planning is an essential part of HRM.



The importance of workforce planning

- Failure to make the most of a firm's human resources will result in an organization facing a number of problems (the 5Rs).

				
Recruitment	Resources	Reservations	Returns	Reputation
Higher costs of recruitment, induction and training.	Directed on solving HR problems instead of achieving organizational objectives.	Lower morale and higher levels of uncertainty among existing staff.	Lower levels of productivity and profits.	Poor corporate image if a firm cannot retain or motivate staff.

Internal and external factors that influence human resource planning:

- Demographic change
- Change in labour mobility
- Immigration
- Flexitime
- Gig economy



Demographic change

- Changes in the characteristics and trends in a population will affect the supply of human resources in a country.

Demographic change	Impact on human resource supply
Net birth rate	Countries with a high net birth rate will, in the long-term, have a larger supply of human resources.
Net migration rate	If net migration is positive (i.e. more immigrants than emigrants), the supply of human resources will increase.
Retirement age	The later the retirement age, the greater the available pool of human resources.
Women entering/returning to workforce	This boosts the supply of human resources, particularly for part-time work.
Aging population	Countries with an aging population will, in the long-term, have a shrinking supply of human resources.

Impact of aging populations on HRM

- An aging population means there will be an increasing shortage in labour supply.
- Firms will need to be willing to appoint and retain older employees, even keeping them past retirement age.
- Women and part-time staff will be more sought after to provide workforce flexibility.



Change in labour mobility

- The mobility of labour is the extent to which labour can:
 - move to different locations (geographical mobility).
 - be flexible in changing to different jobs (occupational mobility).

Limitations on geographical mobility

Ties to friends and family

Relocation costs

Fear of the unknown

Costs of living in a new area

Language and cultural differences

Limitations on occupational mobility

The attributes of the worker (e.g., education, qualifications, skills, experience and training)

Mature workers who tend to be less willing to take risks

Employees that are highly specialised

Discrimination from employers on factors such as age, gender, religion or race

Immigration

- Globalization has encouraged the migration of people for work purposes.
- Firms, especially MNCs, will need to conduct workforce planning with these reasons in mind.

Examples of reasons why worker migration occurs	
Pay and remuneration	Attractive pay and remuneration (e.g., medical care, housing and relocation allowances) packages and/or low tax rates offered in other countries can drive migration.
Employment opportunities	Unemployment and low economic growth may lead workers to seek jobs elsewhere. High-income countries may experience a shortage of labour with economic growth.
Seasonal factors	Some industries have peak and off-peak seasons (e.g. agriculture and winter sports) so off-season migration occurs when job-seeking.
Domestic instability	Political instability, lack of security and limited business opportunities can drive workers to migrate for better opportunities.
Higher standard of living	Working overseas may provide better lifestyle and career prospects for migrant workers.

Flexitime

- Flexitime is a system whereby staff determine their working hours, subject to them getting their work completed by set deadlines.
- Two common forms of flexitime are:
 - Teleworking
 - Homeworking




Teleworking vs. homeworking

A blurred background image of a winery interior, showing wooden barrels and wine bottles on shelves.

Teleworking is working away from the office by using electronic forms of communication.

- e.g. salespeople of wineries who spend a significant amount of their time commuting and visiting clients instead of working from the winery at the vineyard.

A background image showing a laptop screen displaying a video conference with multiple participants. A green ceramic mug is in the foreground on a wooden desk.

Homeworking is when employees work from their own homes instead of going into an office.

The future of homeworking

- Watch this video and:
 1. List the impacts homeworking have on firms in the future.
 2. What are the HRM implications from the impacts listed in part 1?



Advantages and disadvantages of teleworking and homeworking for employees



Advantages

- Job opportunities.
- Suitable for those who have family commitments.
- Flexible working hours.
- Little/no commuting thus reducing time, money and stress.
- Autonomy in decision making.
- Possible income tax allowances.
- Increasingly affordable for people due to lower costs of technology.



Disadvantages

- Huge reliance on use and reliability of ICT software and hardware.
- Workers often exceed their contracted working hours.
- Social isolation and boredom.
- Often less job security and trade union representation.
- Distractions at home.
- Lack of authentic training and career development opportunities.

Advantages and disadvantages of teleworking and homeworking for employers



Advantages

- Reduced overheads from renting prime locations.
- Flexible and extended working hours can be offered to customers.
- Can adjust for peak and off-peak trade.
- Continuity of services from those hiring workers with dependents.
- Lower rates of absenteeism.
- Flexibility to deal with working time directives (laws).



Disadvantages

- Set up costs can be very high.
- Recruitment processes must be tightly controlled to ensure employees are self-motivated and take initiative.
- Management, monitoring and control are more difficult.
- Technological breakdowns can cause major disruptions.
- Not always possible due to lack of working space at home or lack of security for sensitive data being held at home.

Gig economy

- The gig economy refers to labour markets where workers are typically on short-term, flexible and temporary contracts.
- Gig workers and independent contractors provide services on-demand or on-call.
- These workers do not have permanent employment contracts.

Gig economy services

List as many gig economy services as you can think of in 2 minutes.

Read Box 7.1 on page 103 of the textbook (Hoang, 5th edn) to see a list of examples of gig economy services.

Benefits and limitations of the gig economy



Benefits

- Flexibility for workers, businesses and consumers.
- Workers have the flexibility of working for a variety of employers to suit their needs.
- Lower costs for businesses.
- Contractors and freelance workers make extra income.
- More control of work-life balance (in theory).



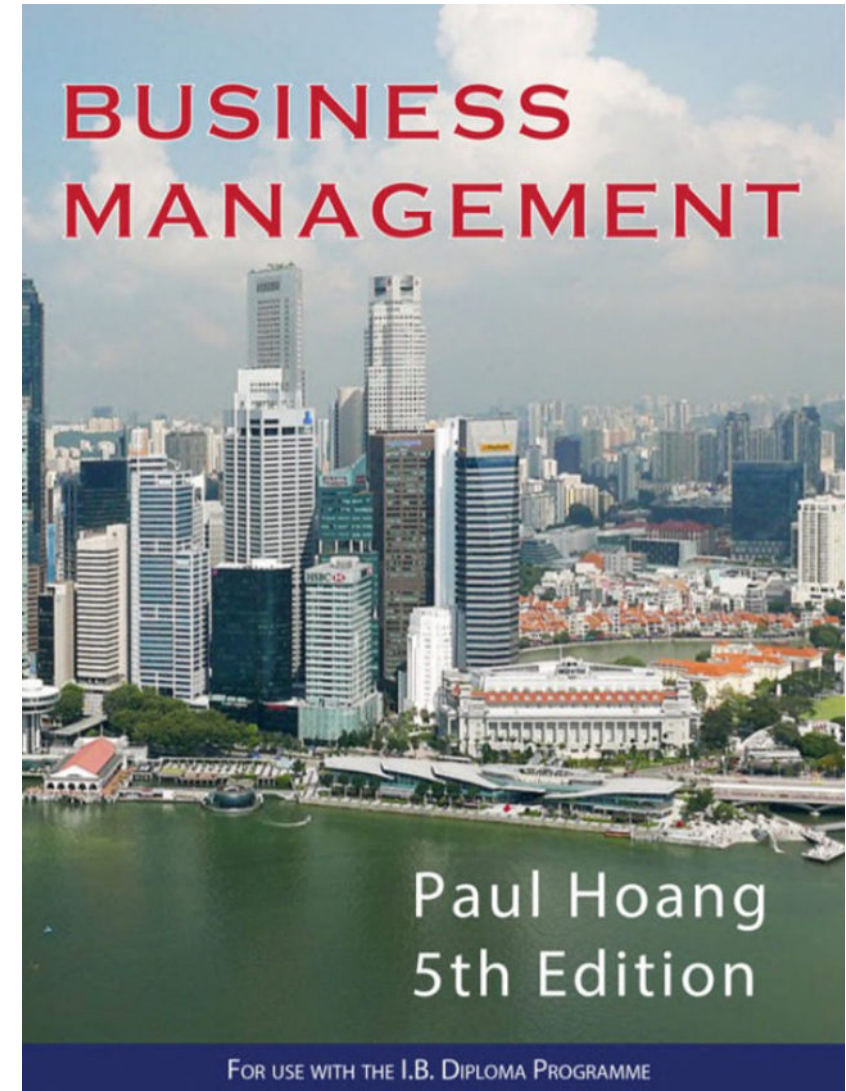
Limitations

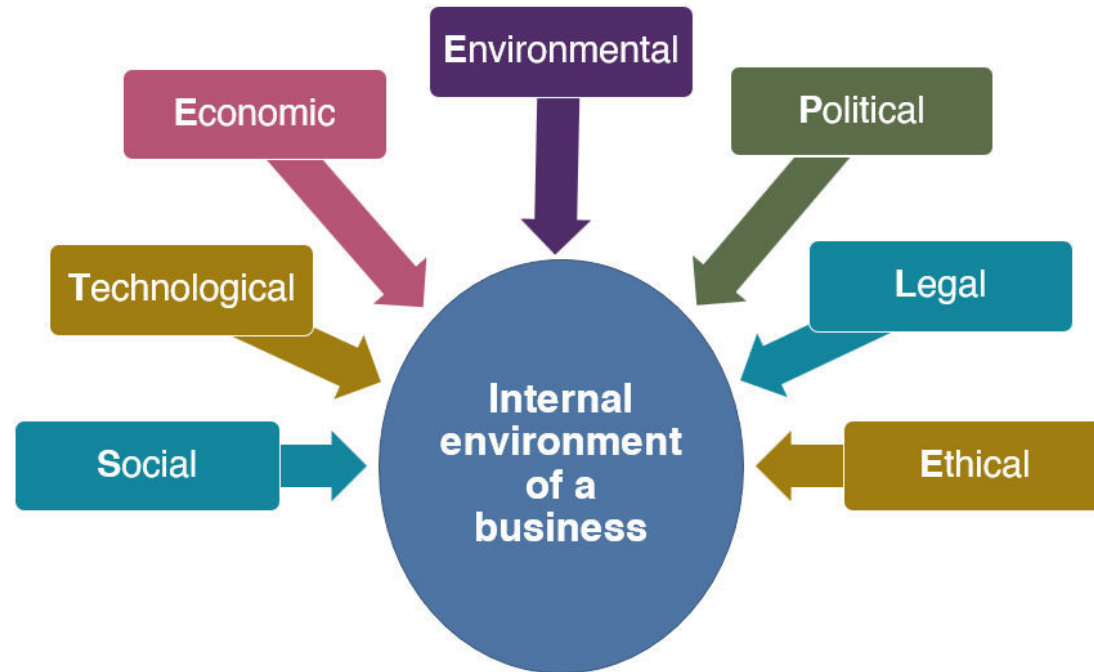
- Lack of regular income levels, job security and fringe benefits for workers.
- Lack of clear professional career path or social support from the workplace.
- Independent contractors are expected to file their own tax returns which is a bureaucratic task.
- Burnout is common when gig workers work multiple jobs/contracts.
- Risk to a firm's reputation if outsourced freelance contract provides poor quality services.

Over to you

- Hoang textbook
- Question 7.1 *332 million Americans*
 - Page 98
- Question 7.2 *McDonald's*
 - Page 102
- Answer all parts

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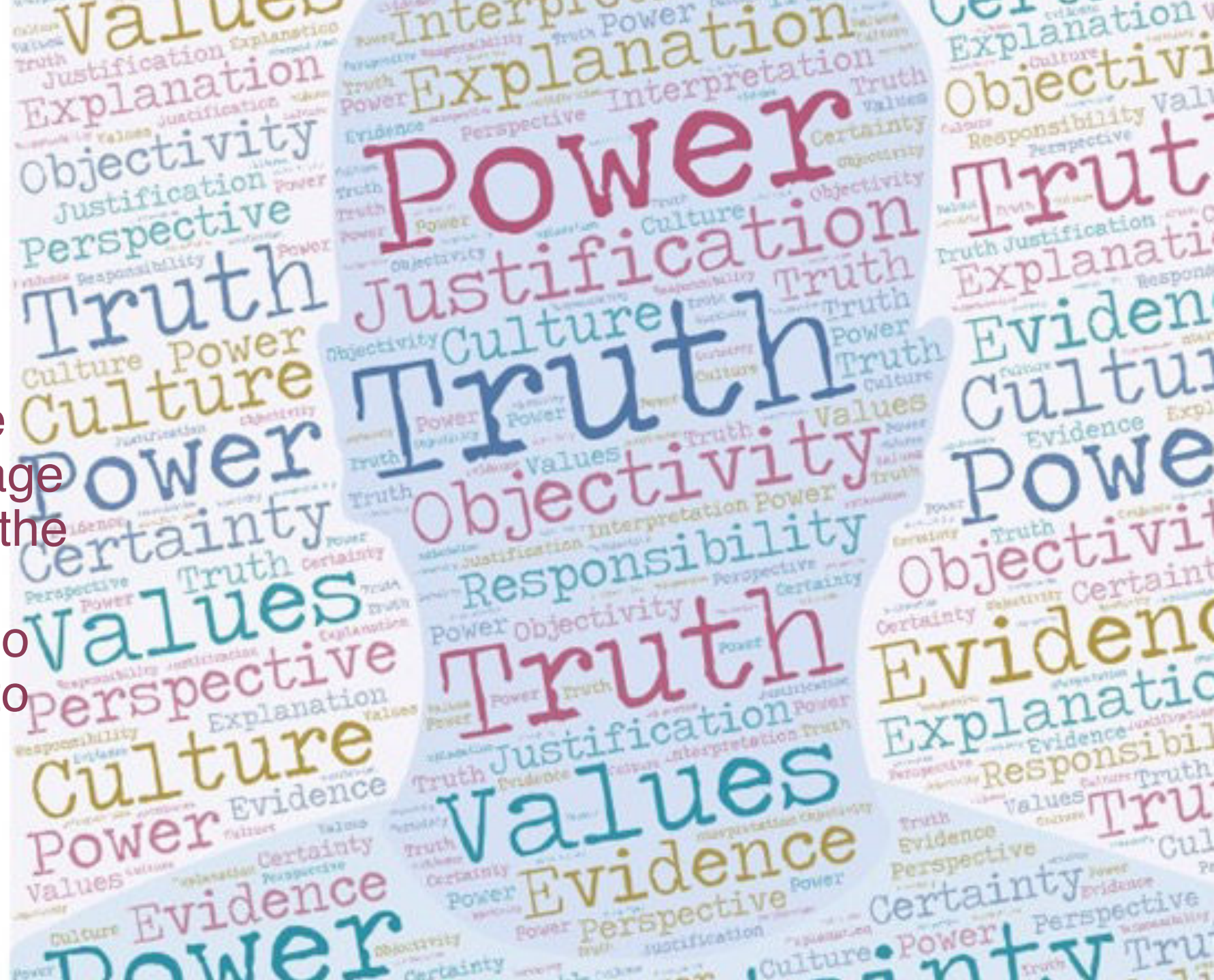




BMT: STEEPLE analysis

1. Conduct a STEEPLE analysis of a business in your country.
2. Identify opportunities and threats that will impact human resource management at your business.
3. Suggest human resource management strategies that will:
 - a. Exploit opportunities.
 - b. Mitigate threats.

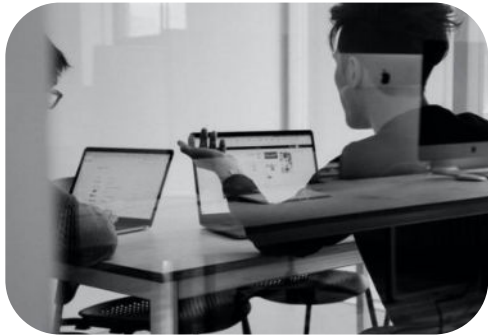
Why is it that despite having a lower average life expectancy, and the existence of equal opportunities laws, no country allows men to retire earlier than women?



Reasons for resistance to change in the workplace

Reasons for resistance to change

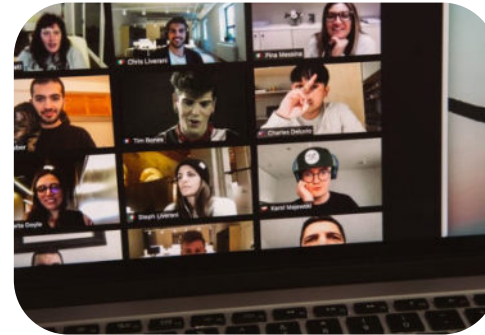
- According to Professor John Paul Kotter of Harvard Business School, there are four main reasons why the workplace will resist change. They are:



Self-interest



Low tolerance



Misinformation



Different points-
of-view

Human resource strategies for reducing the impact of change and resistance to change

Reducing resistance to change

- There are various theories about how to manage change in the workplace.

According to the video, what are the seven ways to minimise resistance to change?





BM Toolkit: BUSINESS MANAGEMENT

Force field analysis of ending homeworking (HL only)

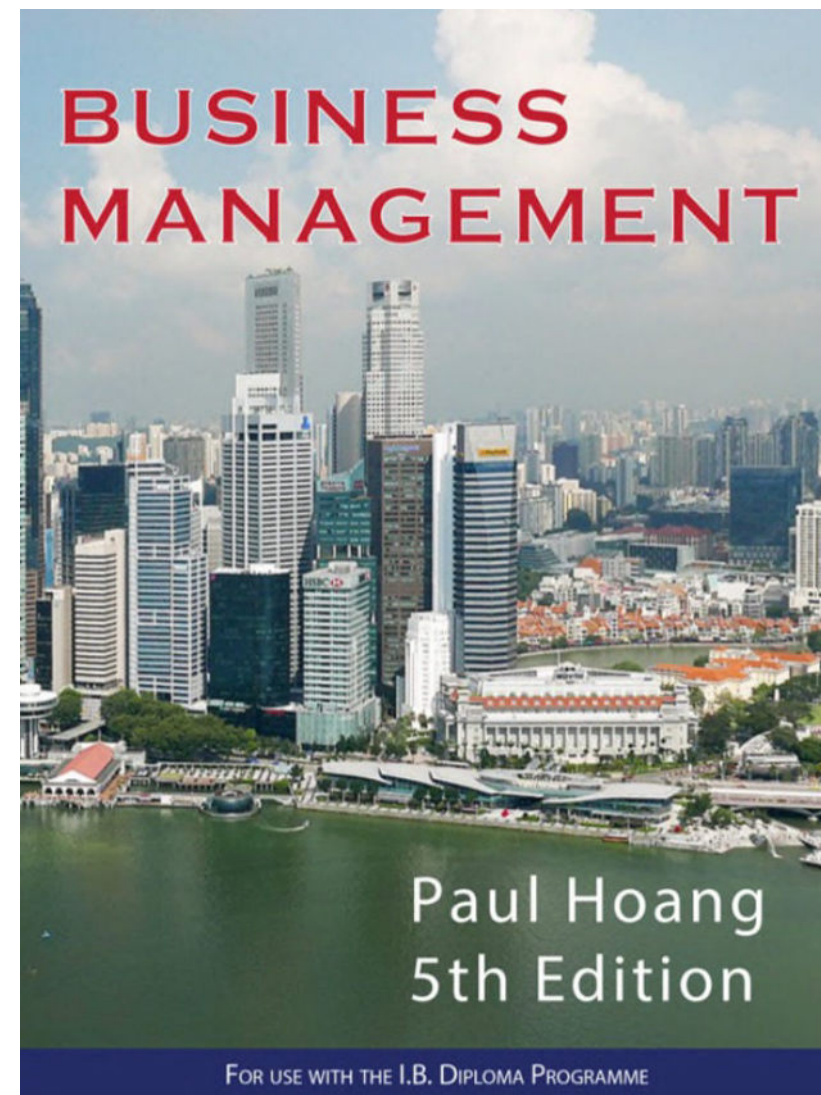
Companies such as *Tesla* and *Google* have announced mandatory return to in-person work at their offices. This has been met with resistance from employees.

1. Construct a force field analysis of implementing mandatory in-person work at the office of a business of your choice.
2. Explain how FFA can be used to reduce the impact of change and resistance of change in your business.

Approaches to learning

- Hoang textbook
- Activity 7.1 *Research skills*
 - Page 107

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Concepts in BM: change

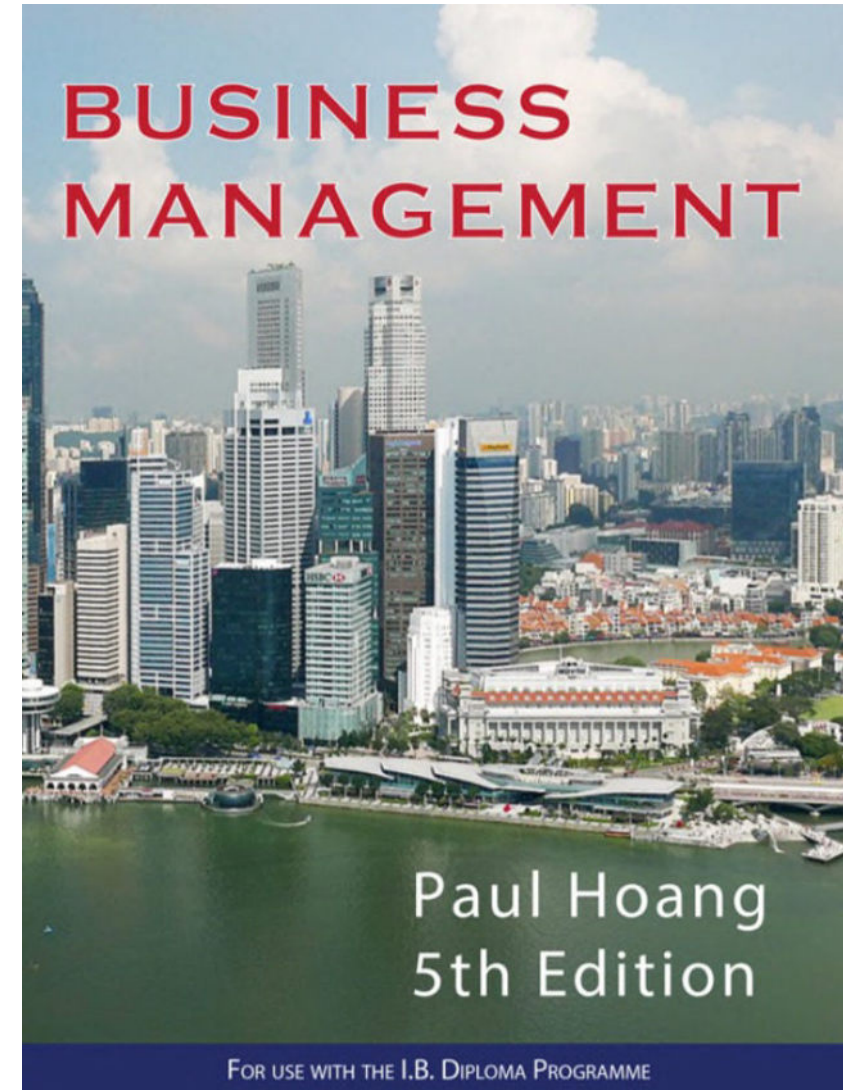
- Internal and external changes will always have an impact on human resource planning and management.
- An exit interview is a tool often used by firms to find the true reasons why employees have chosen to resign.
- Feedback from exit interviews helps to improve HRM in businesses.



Over to you

- Hoang textbook
- *Review Questions*
 - Page 107

BUSINESS MANAGEMENT



2.2 Organization structure

Topic 2: Human resource management

Unit content

Content	Assessment objective
<p><u>The following terminology in relation to different types of organizational structures:</u></p> <ul style="list-style-type: none">• <u>Delegation</u>• <u>Span of control</u>• <u>Levels of hierarchy</u>• <u>Chain of command</u>• <u>Bureaucracy</u>• <u>Centralization</u>• <u>Decentralization</u>• <u>Delaying</u>• <u>Matrix structure</u>	AO2

Unit content (continued)

Content	Assessment objective
<u>The following types of organization charts:</u> <ul style="list-style-type: none"> • <u>Flat or horizontal</u> • <u>Tall or vertical</u> • <u>By product, by function or by region</u> 	AO2 & AO4
<u>Appropriateness of different organizational structures given a change in external factors</u>	AO3
<u>Changes in organizational structures (e.g. project-based organization, Charles Handy's "Shamrock Organization") (HL only)</u>	AO3
Business Management Toolkit: <ul style="list-style-type: none"> • <u>Hofstede's cultural dimensions (HL only)</u> 	
<u>Organizational structures and the business management concepts</u>	

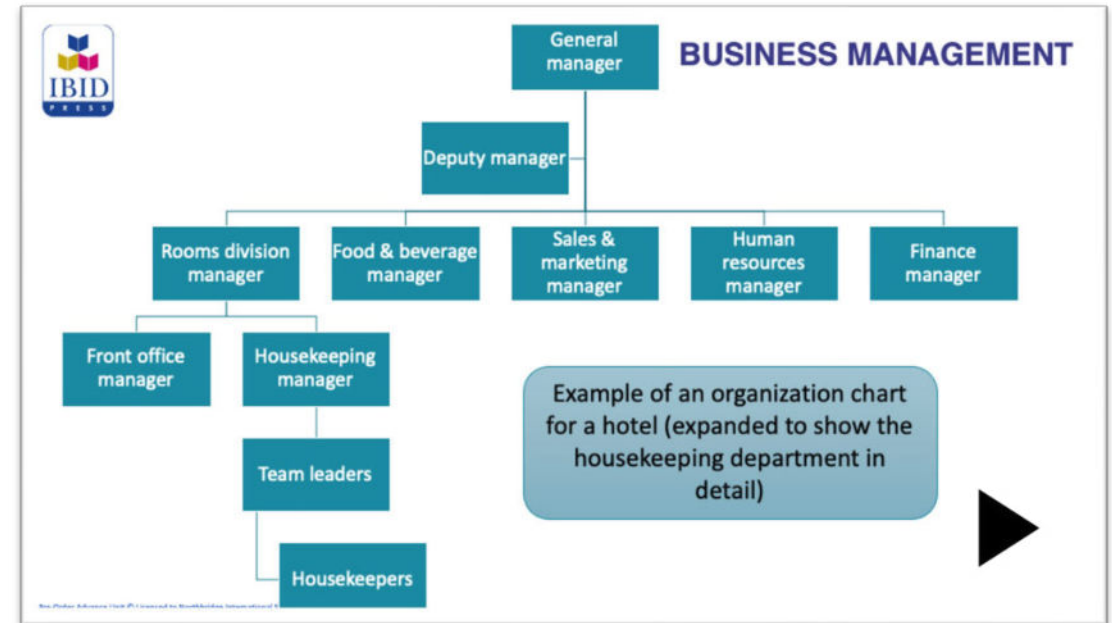
The following terminology in relation to different types of organizational structures:

- Delegation
- Span of control
- Levels of hierarchy
- Chain of command
- Bureaucracy
- Centralization
- Decentralization
- Delayering
- Matrix structure

Organizing human resources

- Organizational structures arrange employees in order to show the following information at a glance:
 - Job titles
 - Accountability
 - Responsibility
- Businesses will adopt an organizational structure in order to function more efficiently.

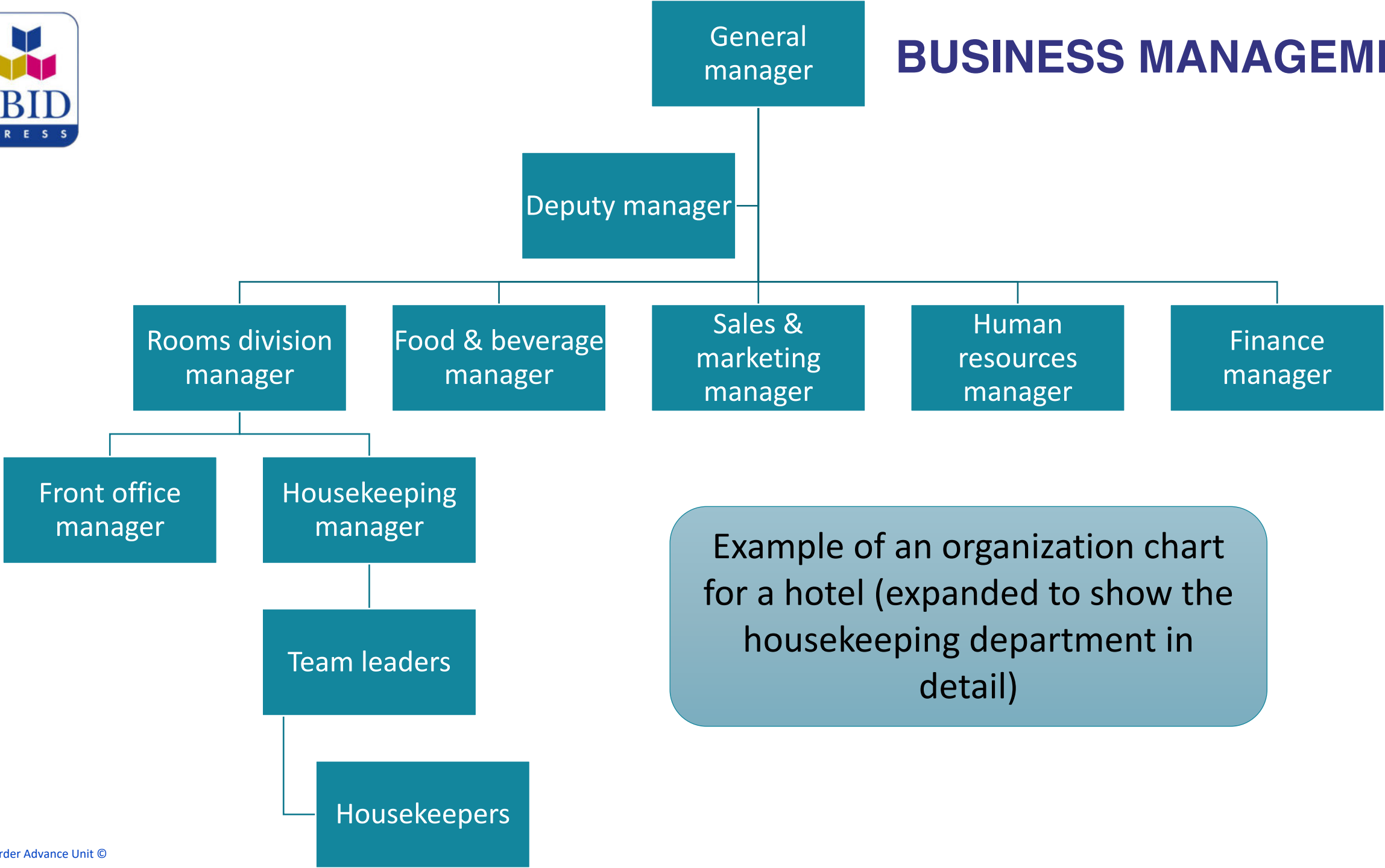
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Example of an organization chart for a hotel (expanded to show the housekeeping department in detail).



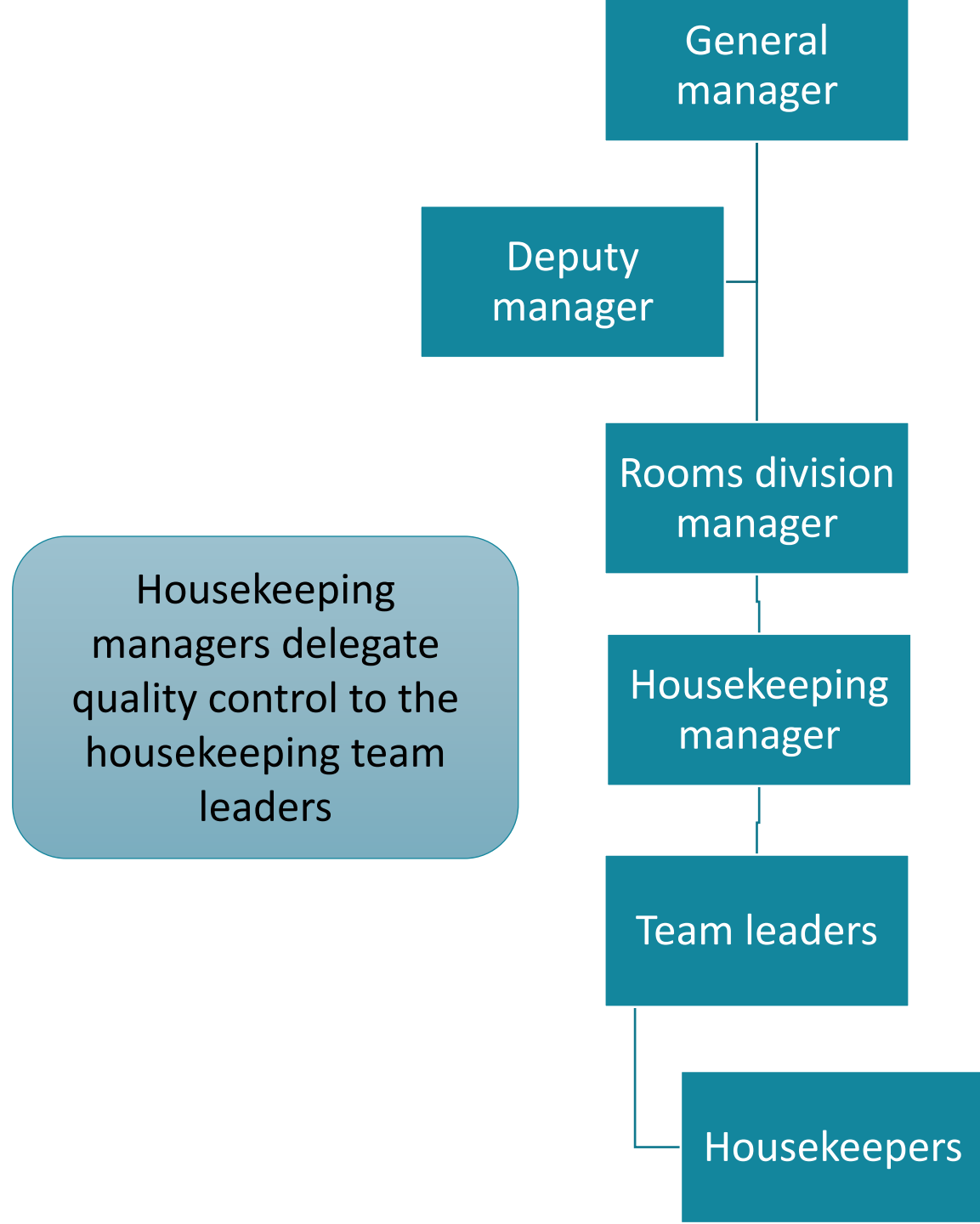
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Example of an organization chart for a hotel (expanded to show the housekeeping department in detail)

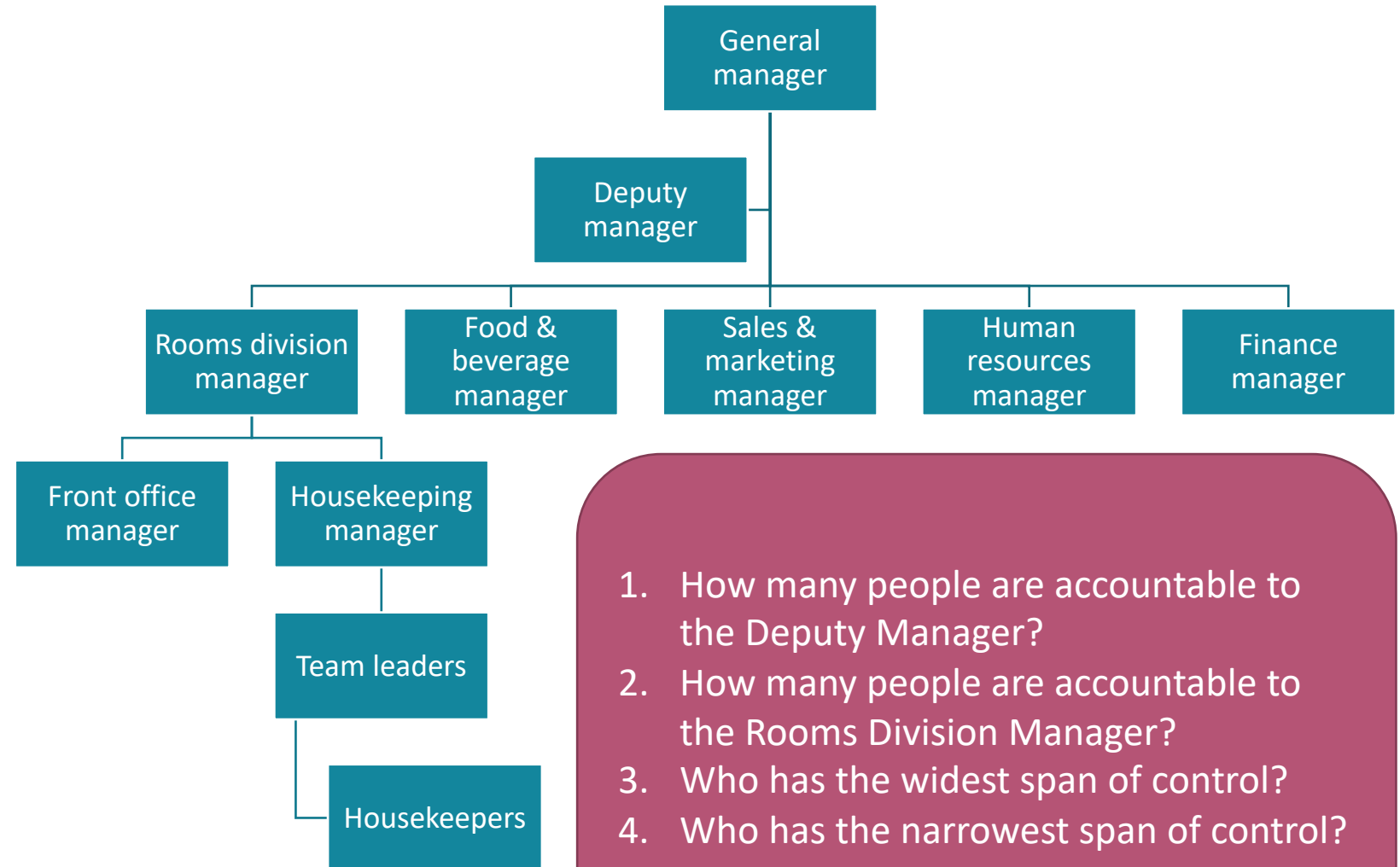
Delegation

- Delegation is the passing on of control and authority to others in a firm.
- This is essential as the business grows as managers are unable to effectively control all aspects of the firm.



Span of control

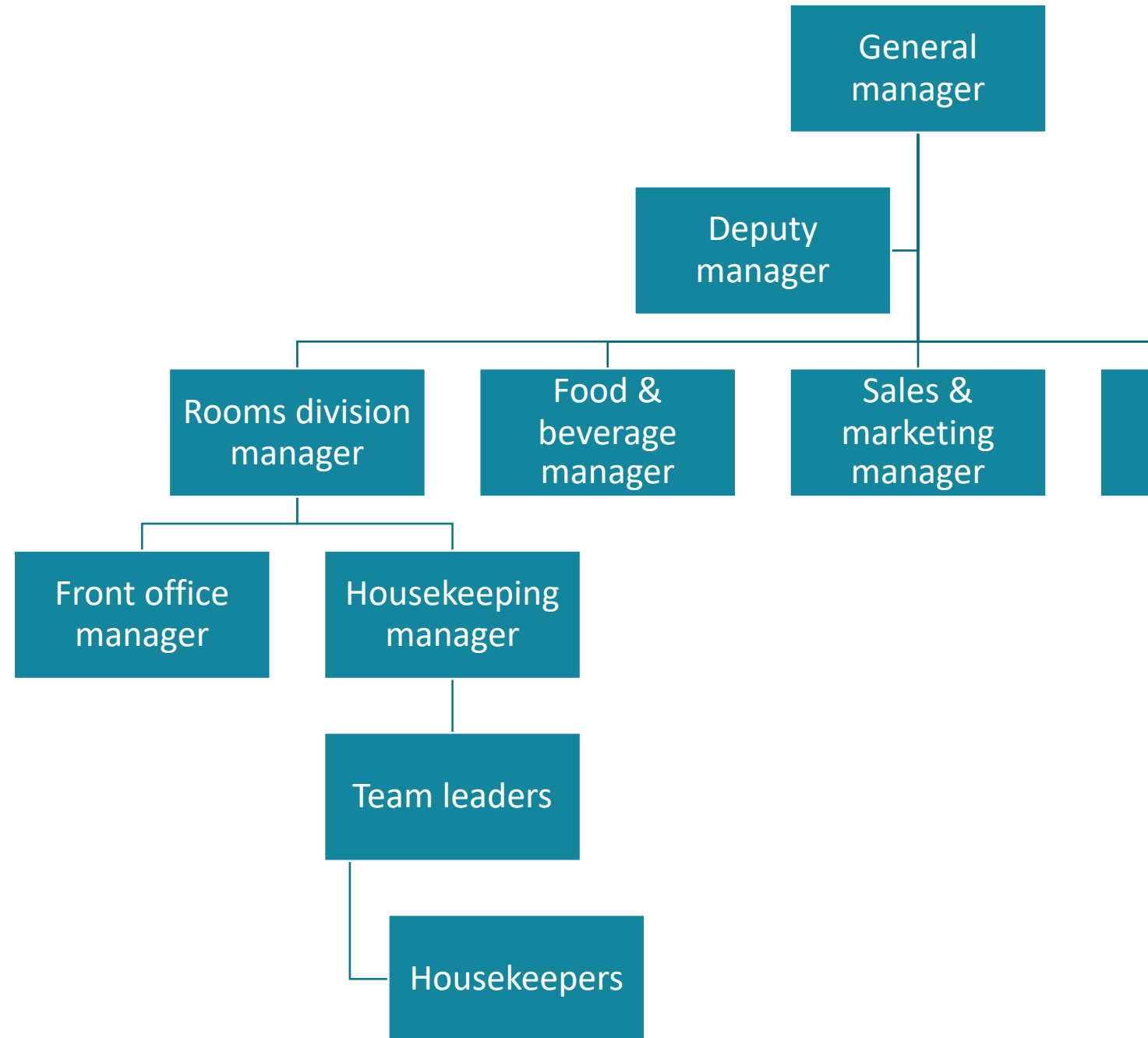
- The span of control refers to the number of people who are directly accountable to a manager.
- Typically, the greater the seniority of the manager, the greater their span of control will be.



1. How many people are accountable to the Deputy Manager?
2. How many people are accountable to the Rooms Division Manager?
3. Who has the widest span of control?
4. Who has the narrowest span of control?

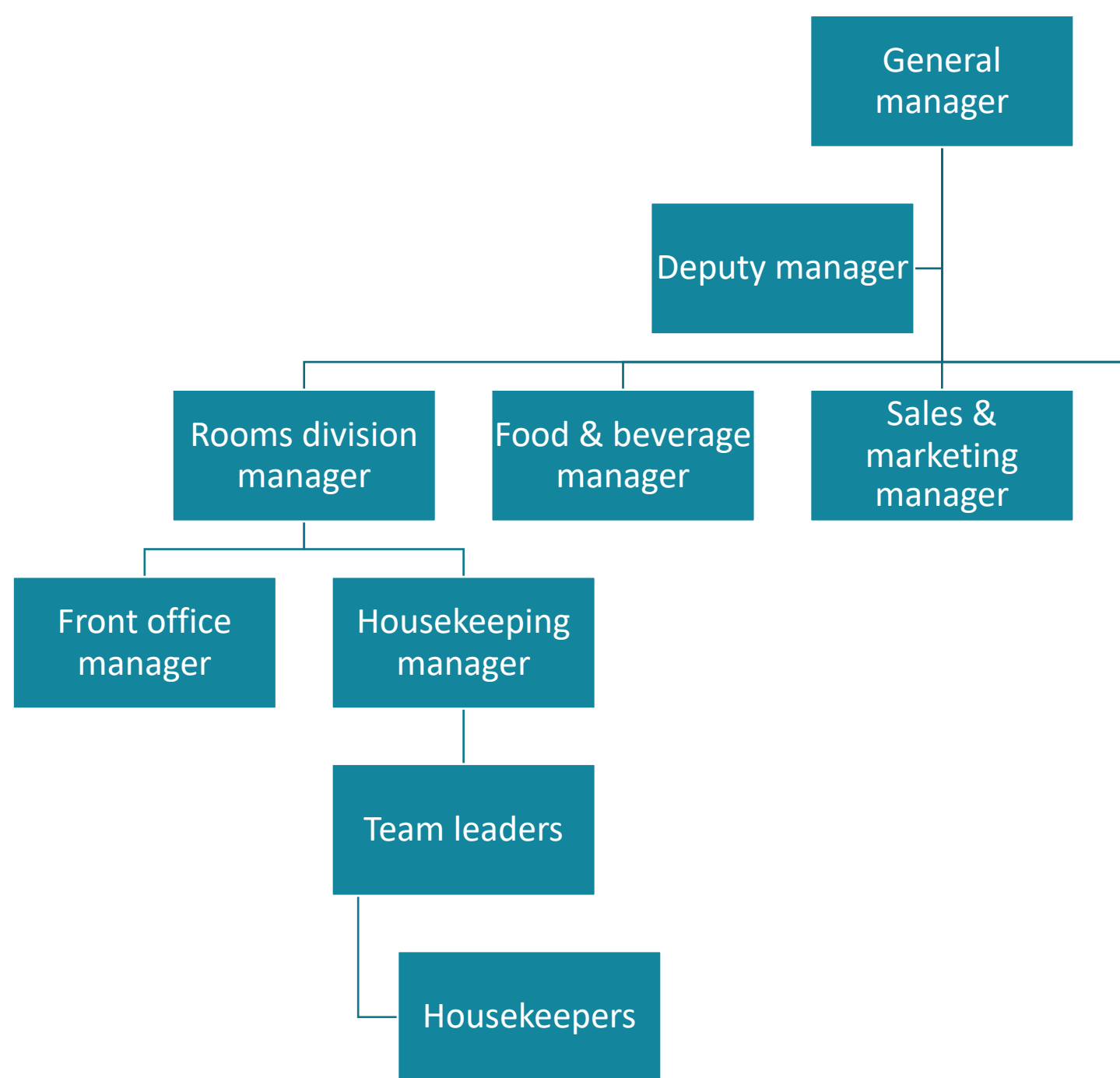
Levels of hierarchy

- Hierarchy in a business refers to the organizational structure based on a ranking system.
- The most skilled / senior employees will appear at the top of the hierarchy.
- The least skilled / least senior employees will appear at the bottom of the hierarchy.



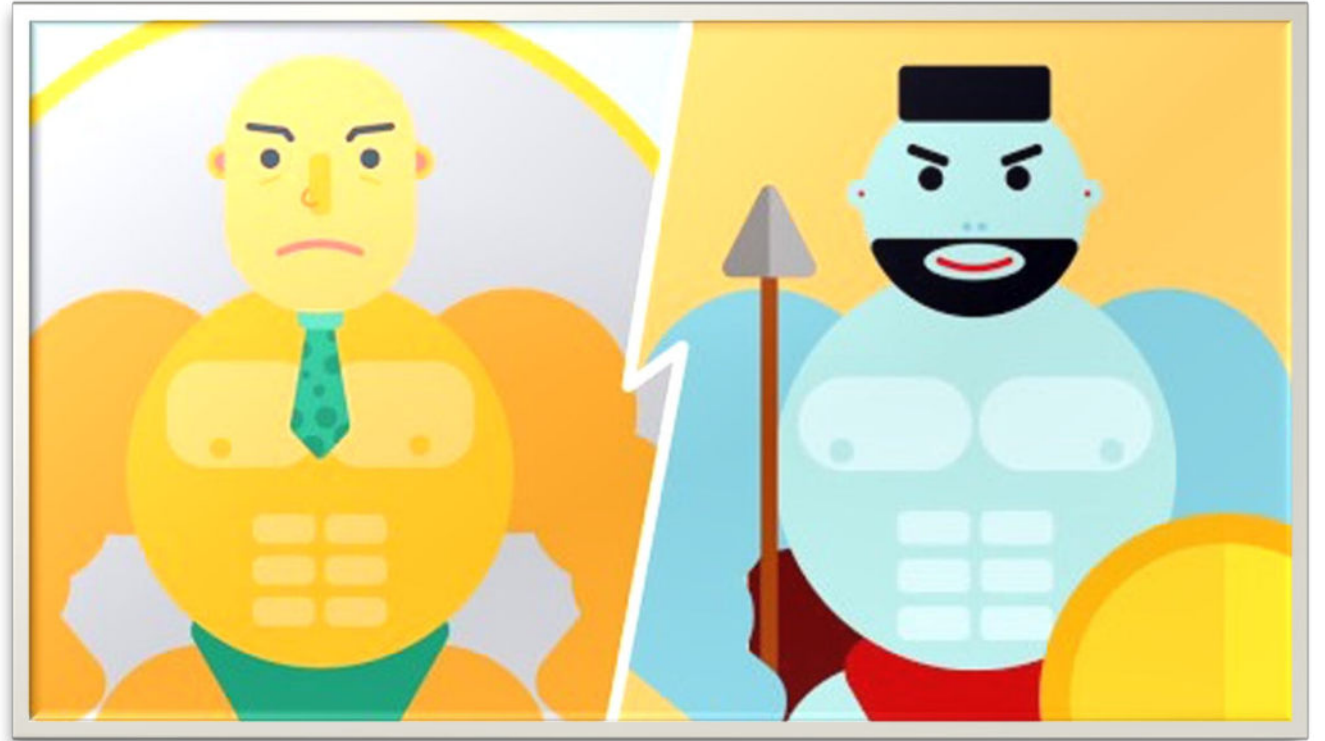
Chain of command

- The chain of command refers to the formal line of authority through which orders are passed down in an organization.
- For example, if the general manager wanted to communicate to all housekeepers, the formal chain of command would flow as seen in this diagram.



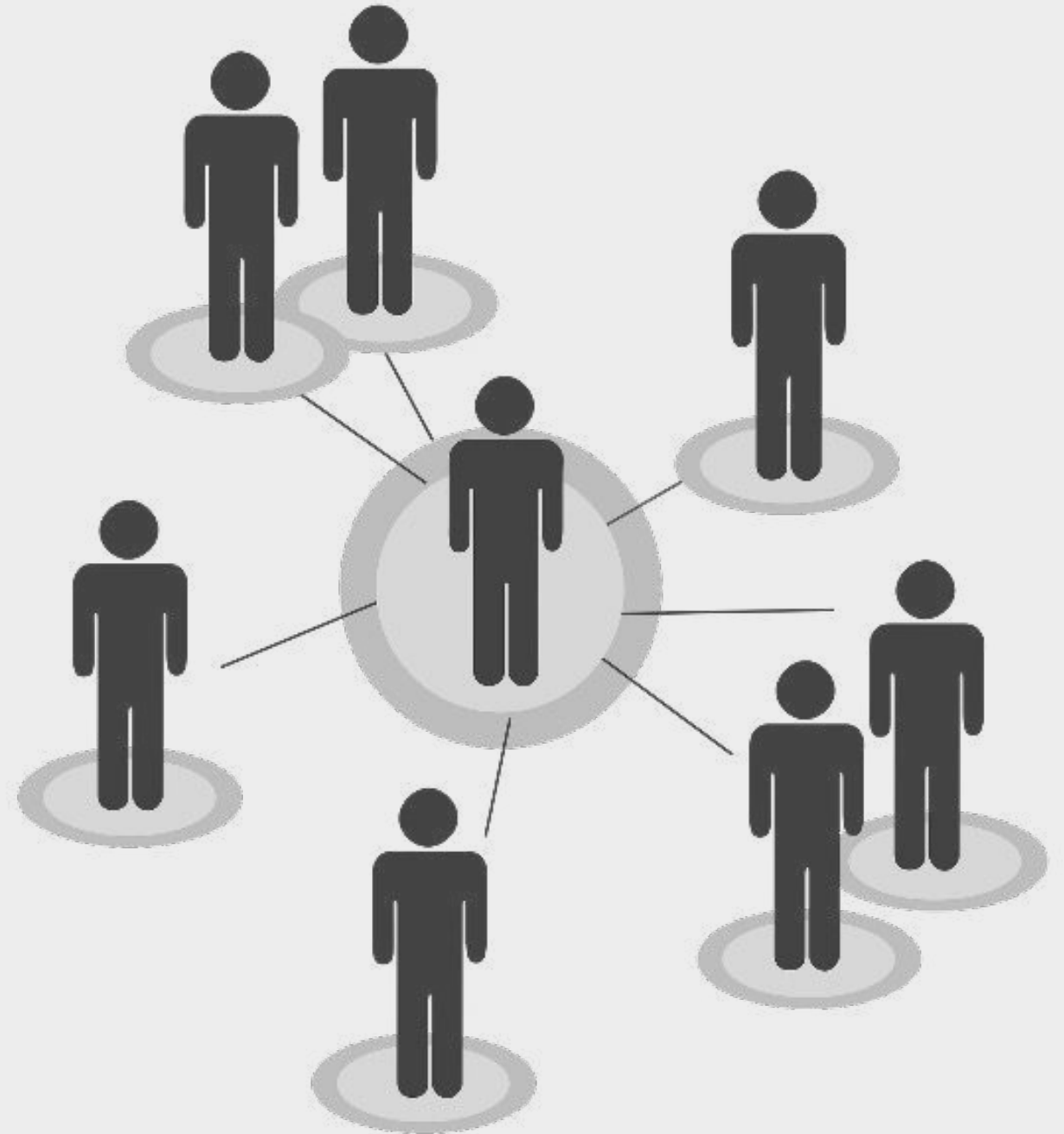
Bureaucracy

- Bureaucracy is the execution of tasks that are governed by official administrative and formal rules of a firm.
- Bureaucracy can be a source of inefficiency and frustration due to:
 - Requirements to fill out unnecessary paperwork.
 - Long official chains of command.
 - Too many committees set up to investigate issues.
 - Managers with duplicate roles and responsibilities.



Centralization

- Centralized structures have a very small number of people at the top who control the decision-making.



Advantages and disadvantages of centralization



Advantages

- Rapid decision-making
- Better control
- Better sense of direction
- Efficiency

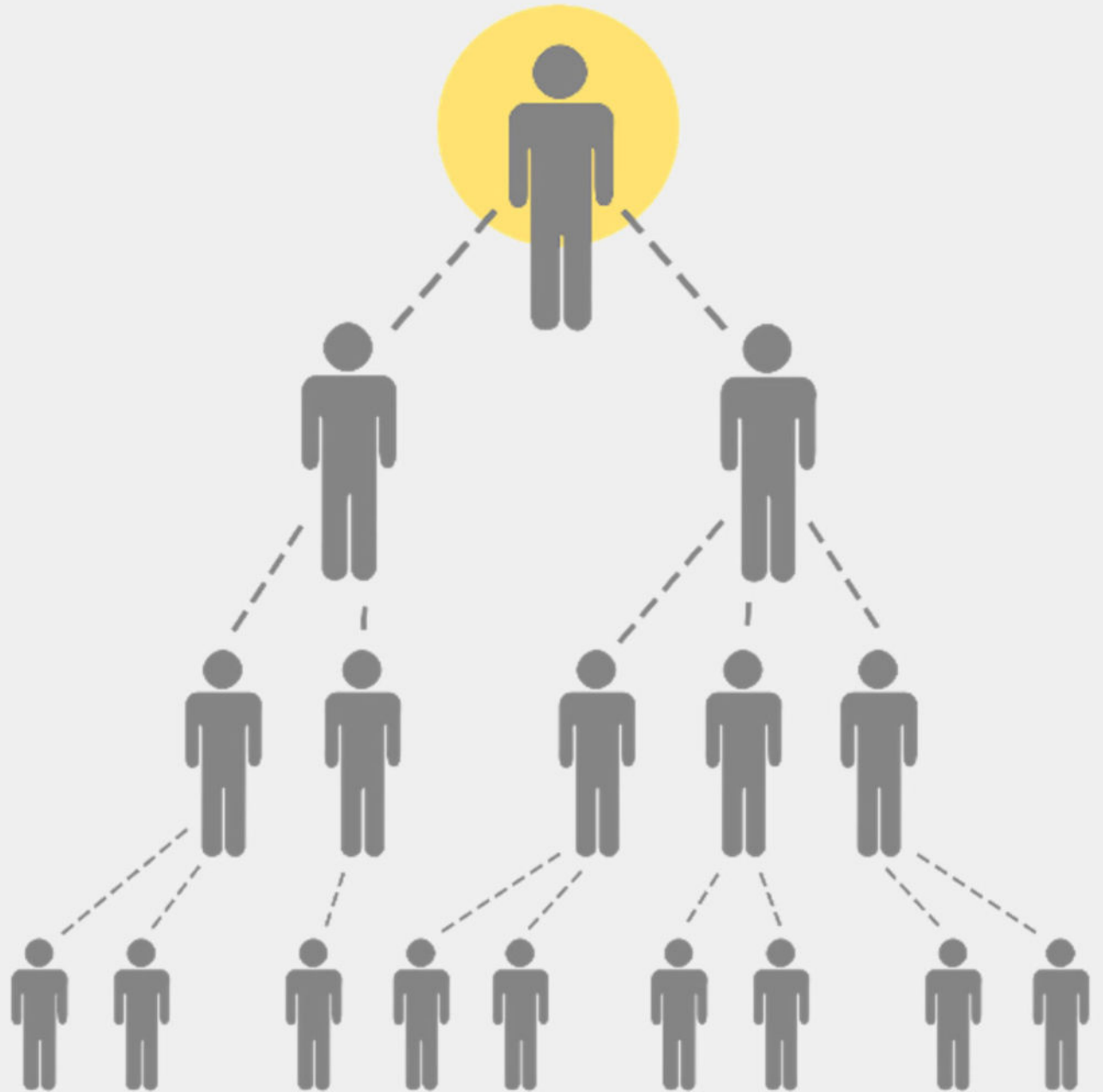


Disadvantages

- Added pressure/stress for senior staff
- Inflexibility
- Possible delays in decision making
- Demotivating

Decentralization

- Decentralized structures have decision-making authority and responsibility shared with a greater number of people.



Advantages and disadvantages of decentralization



Advantages

- Input from the workforce
- Speedier decision-making
- Improved morale
- Improved accountability
- Teamwork

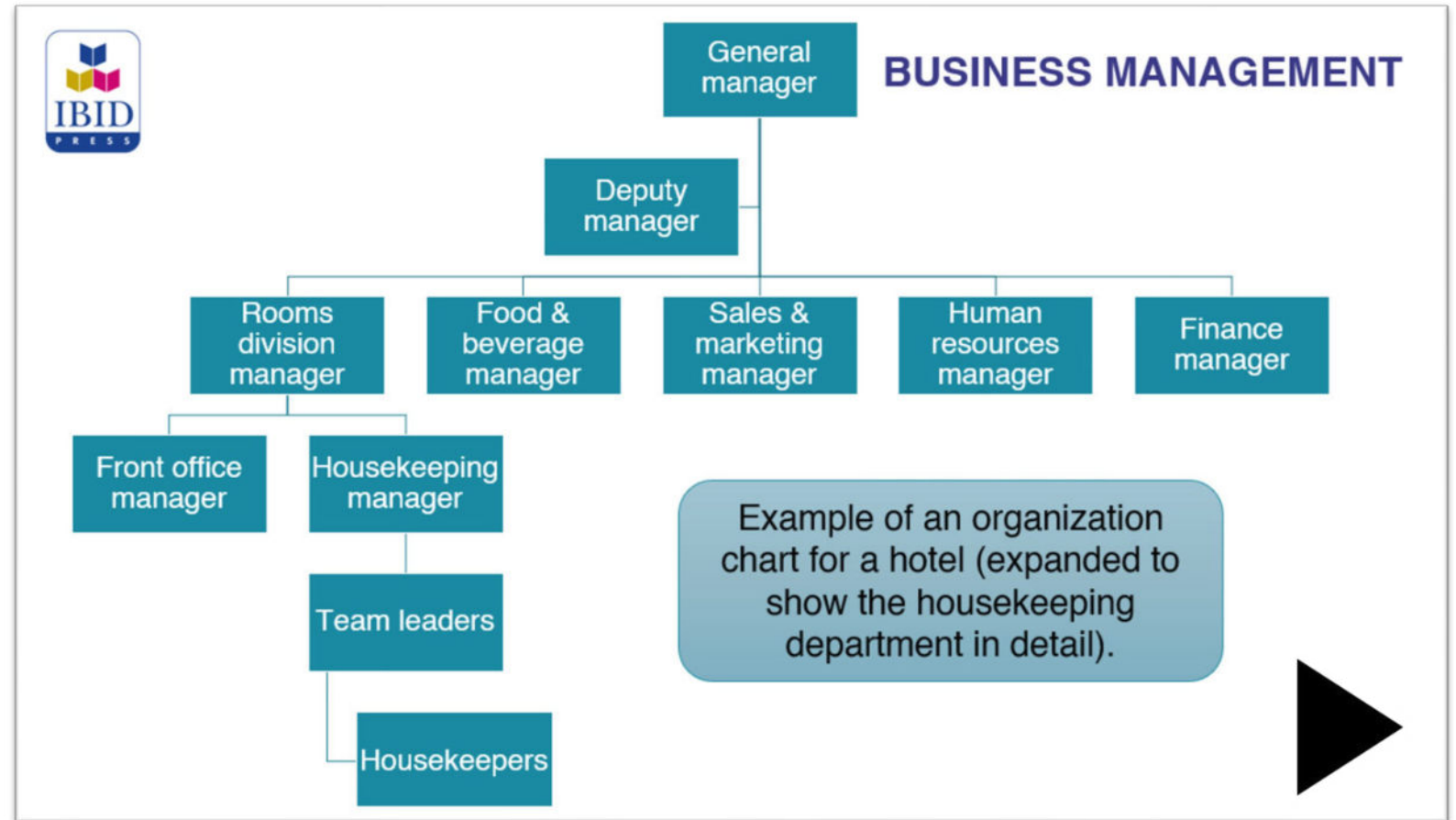


Disadvantages

- Costly
- Inefficiencies
- Greater chances of mistakes
- Loss of control
- Communication issues

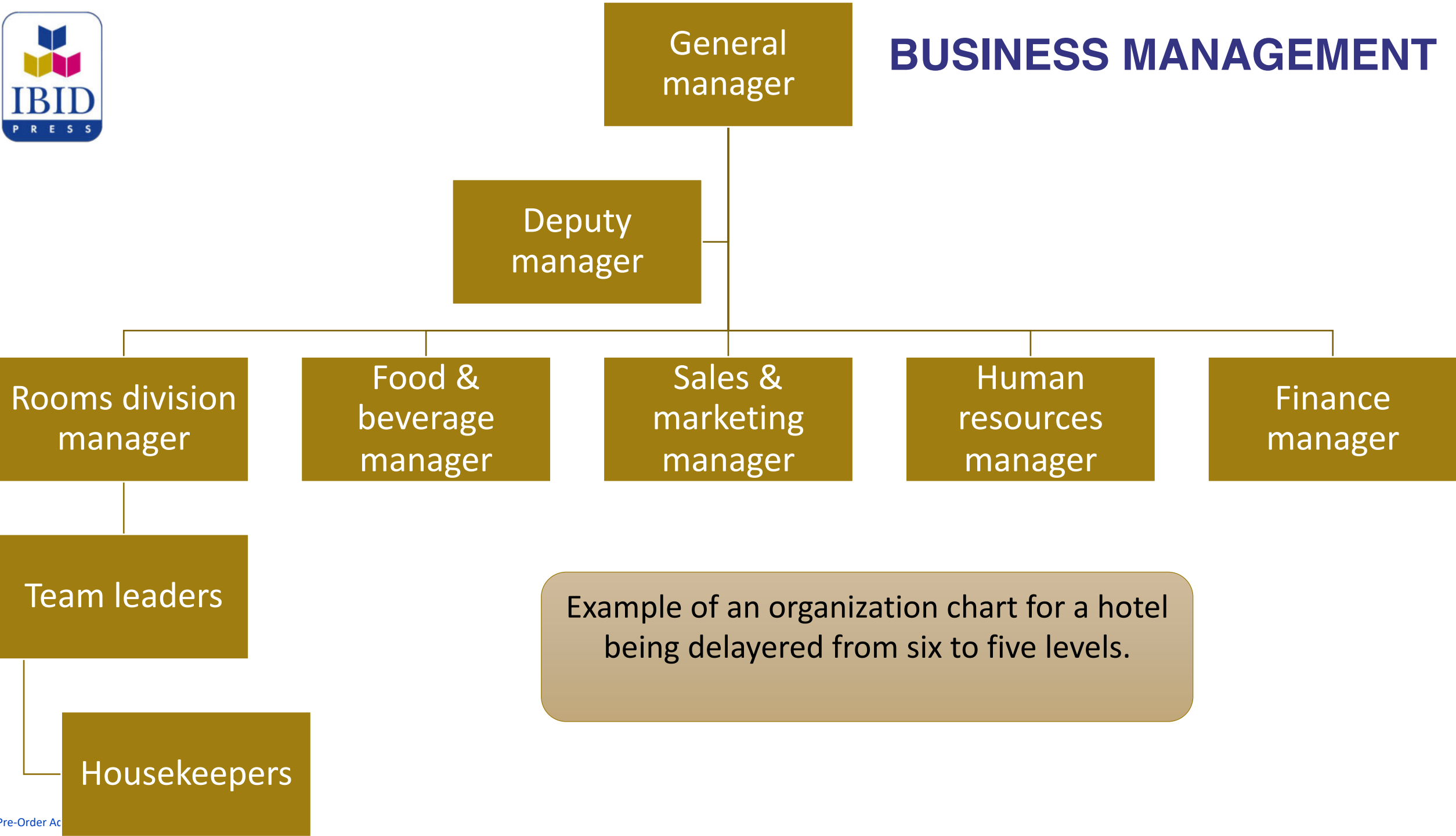
Delayering

- Delayering is the process of removing one or more levels in the hierarchy.
- This is designed to:
 - Widen the span of control at each level.
 - Shorten the chain of command





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Advantages and disadvantages of delayering



Advantages

- Reduces costs
- Improves the speed of communication
- Encourages delegation and empowerment



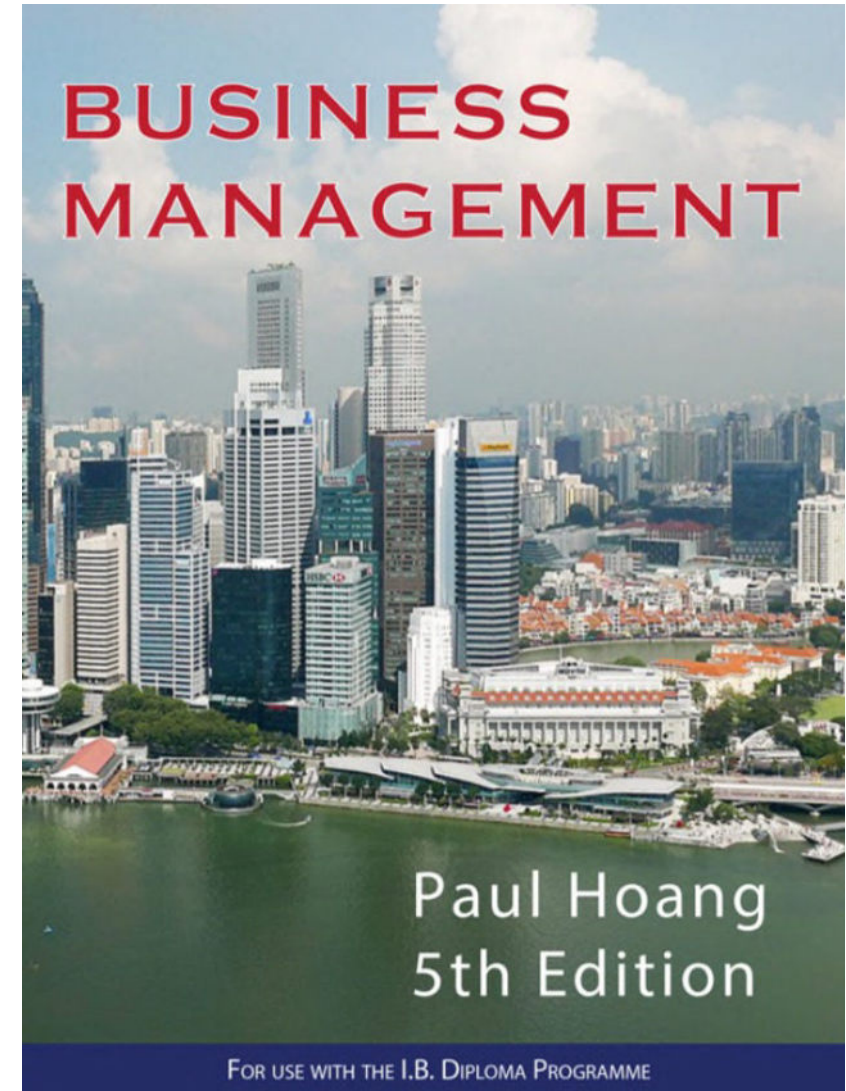
Disadvantages

- Creates anxiety and a sense of insecurity
- Overloads staff
- Decision-making can take longer

Over to you

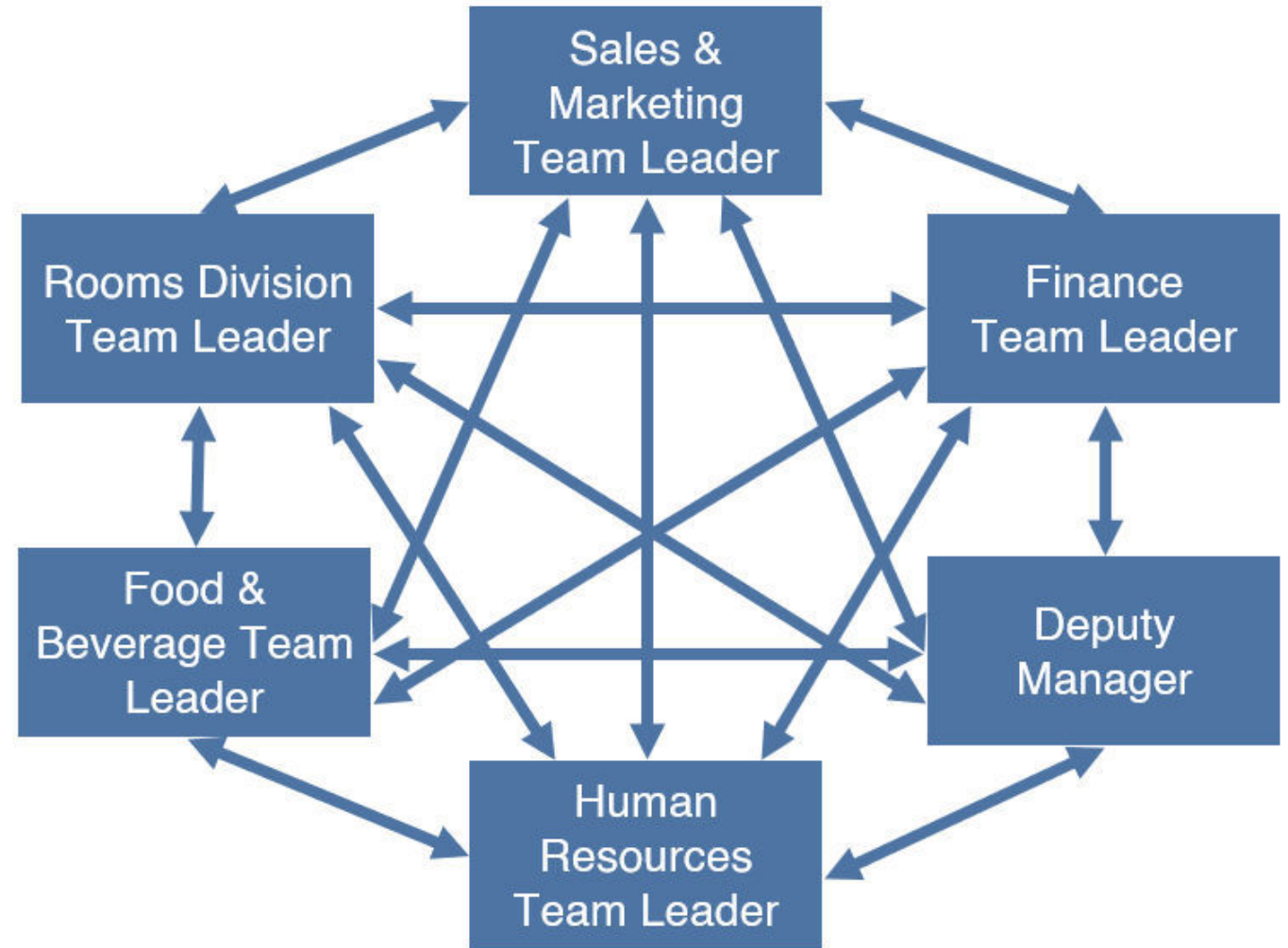
- Hoang textbook
- Question 8.1 *Ferrari*
 - Page 118
- Question 8.2 *Restructuring at Southmead College*
 - Page 119
- Answer all parts

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Matrix structures

- Matrix structures organizes employees from different departments to temporarily work together on a particular project.
- It is a temporary opportunity to work with colleagues from other departments on projects.
- Each member in the matrix organization is held accountable to two managers – their:
 - Department/line manager
 - Project manager from the matrix.



Example of a matrix structure of department members of a hotel working together to start up a new hotel.

Advantages and disadvantages of matrix structures



Advantages

- Improved communications
- Maximises skills set of the workforce
- Cost-effective



Disadvantages

- Added workloads
- Difficult to coordinate
- Time consuming

The following types of organization charts:

- Flat or horizontal
- Tall or vertical
- By product, by function or by region

Organizational charts

- Organizational charts are diagrammatic representations of firms' formal structures.

Five important features shown by organization charts

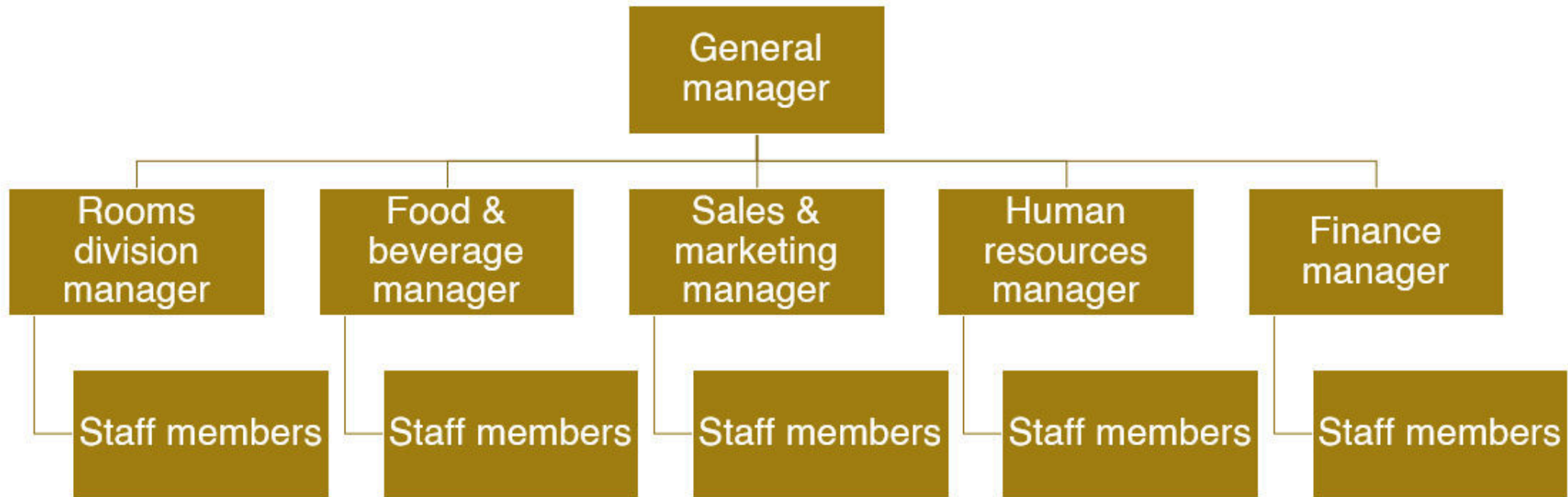
1. Functional department
2. Chain of command
3. Span of control
4. Channels of communication
5. Levels of hierarchy

Common types of organization charts

- Flat/horizontal
- Tall/vertical
- By product
- By function
- By region

Flat organizational structures

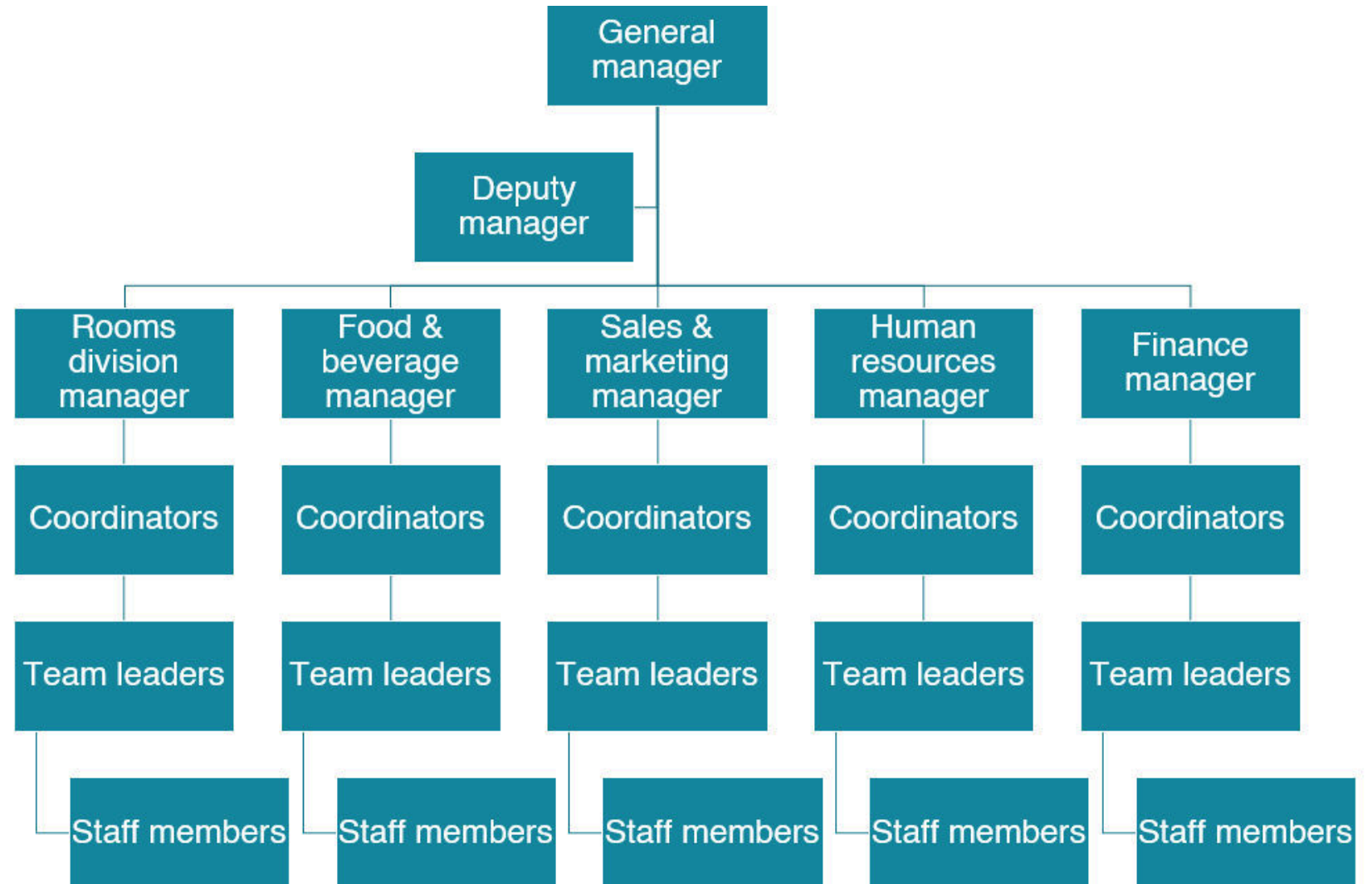
- Flat organizations have fewer levels in the hierarchy.
- Managers tend to have a wider span of control.



Tall organizational structures

- Tall organizations have many levels in the hierarchy.
- Managers tend to have a narrower span of control.

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Advantages of flat versus tall structures



Flat structures

- Increased opportunities for career development due to importance of delegation.
- Improved communication due to fewer layers.
- Cheaper to operate.
- Reduces power distance between senior and junior staff.

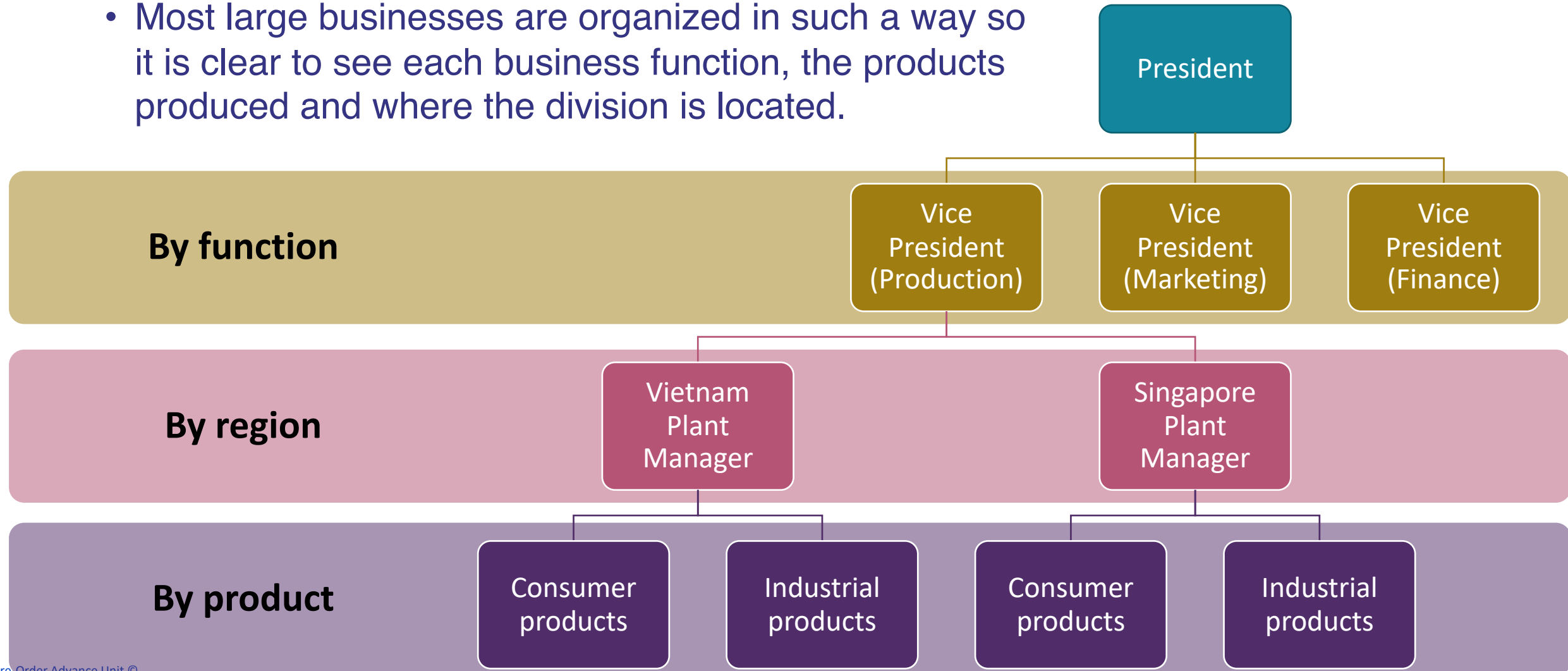


Tall structures

- Quicker and more effective communication.
- Easier to control and manage.
- Increased efficiency and productivity due to specialization of labour.
- Greater opportunities for promotion.

Organizations by product, function and region

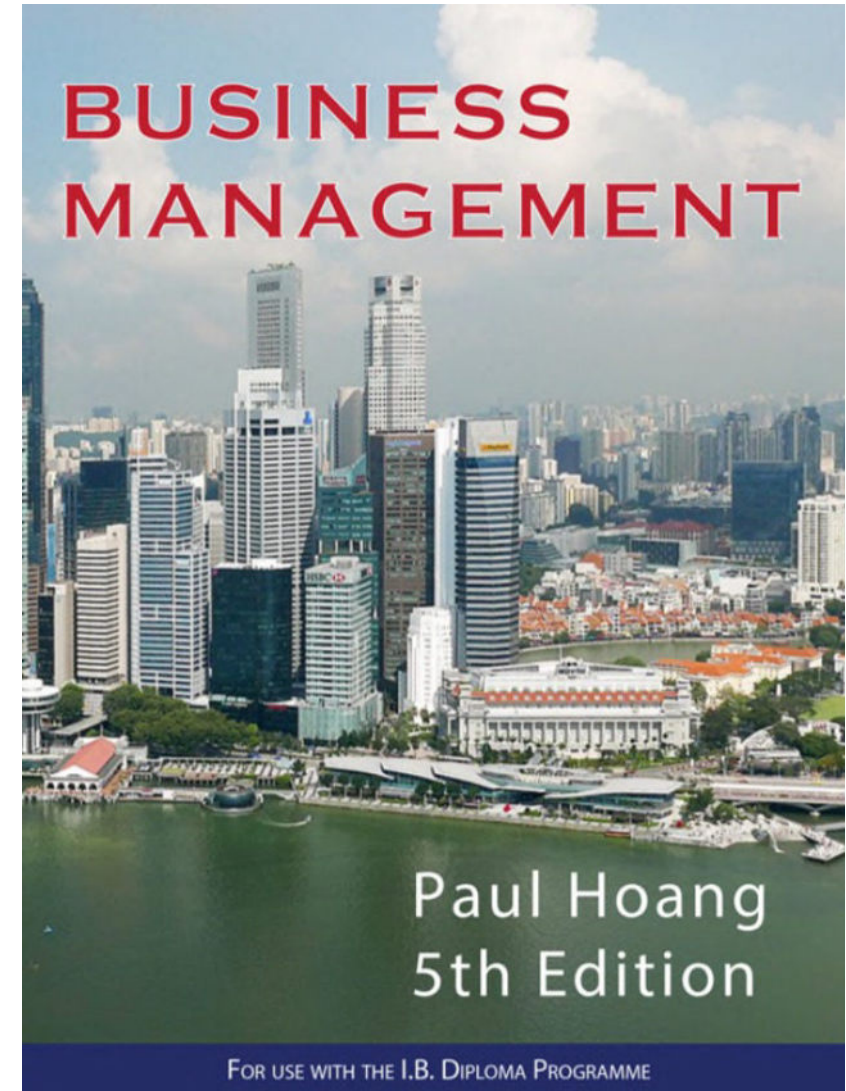
- Most large businesses are organized in such a way so it is clear to see each business function, the products produced and where the division is located.



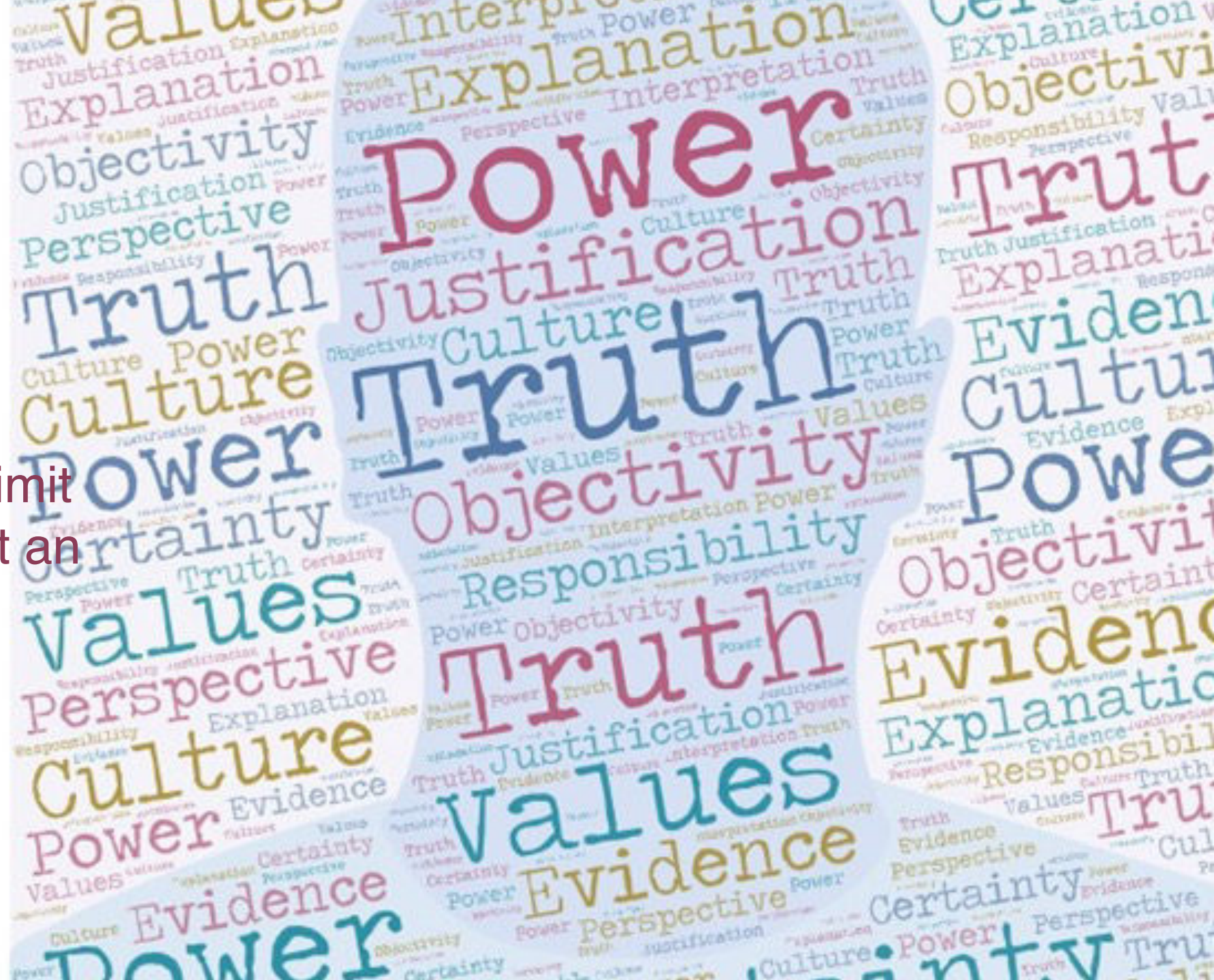
Over to you

- Hoang textbook
- Question 8.3 *Organization charts (1)*
 - Page 121
- Question 8.4 *Organization charts (2)*
 - Page 124
- Question 8.5 *Departments or faculties*
 - Page 124
- Answer all parts

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To what extent do organization charts limit our knowledge about an organization?



Appropriateness of different organizational structures given a change in external factors

Organization restructuring

- Organization restructuring is the reorganizing of human resources of a firm into a new organizational structure.
- This occurs when there is a need for change in order to remain competitive in a changing business environment.

Common reasons for restructuring a firm

- To incorporate new job roles and eliminate redundant roles
- To reduce costs/debt
- To concentrate on key business activities
- To incorporate new technology
- To ensure the skills and expertise of employees are used effectively
- To sell a part of the firm's business activities
- To merge with another company



Changes in organizational structures (HL only)

- Project-based organization
- Charles Handy's 'Shamrock Organization'

Project-based organizations

- These firms organize their human resources around particular projects or development plans.
- Examples of industries that use this type of organization chart include:
 - Construction
 - Software engineering
 - Entertainment
 - Aerospace
 - Oil exploration

Motion picture project

1. Using a movie of your choice, list the key people and departments involved in the production of a movie.*
2. Organize the departments into a project-based organization chart.

*You will find it helpful to search www.imdb.com to find out this information.

Example of an organization chart for producing a movie.

Producer

Director

Cast

Art

Camera

Electric

Grips

Hair & make-up

Sound

Catering

Stunts

Special effects

Advantages and disadvantages of project-based organizations



Advantages

- Flexibility
- Productivity
- Efficiency
- Motivational



Disadvantages

- Discontinuity
- Isolation
- Inefficiencies
- Conflicting interest and priorities

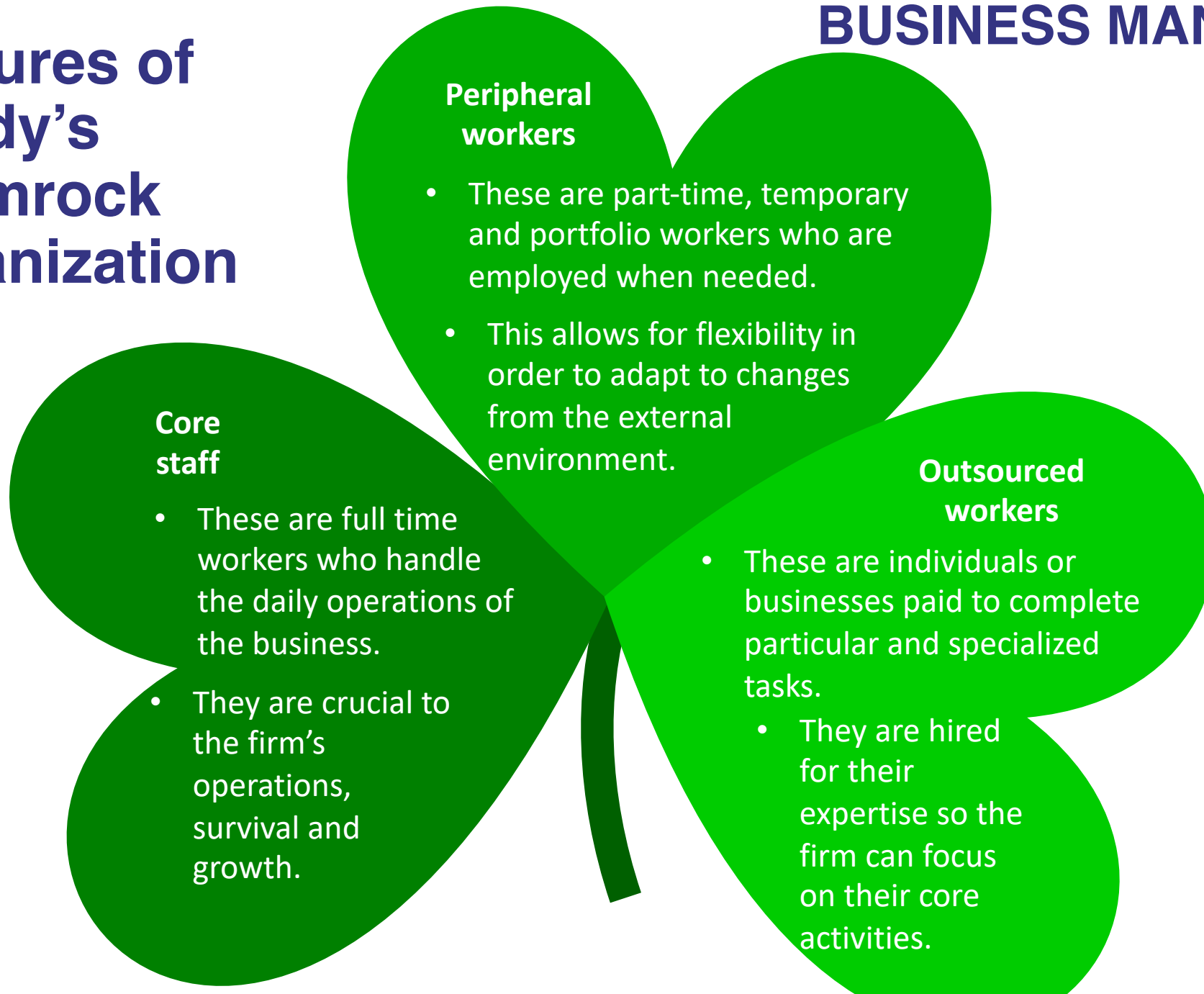
Handy's Shamrock Organization

- Charles Handy, an organizational behaviour and management expert, proposed that firms need to be able to adapt quickly to the dynamic changes that occur from the external environment.
- He proposed that human resources should be organized into:
 - Core staff
 - Peripheral workers
 - Outsourced workers



Features of Handy's Shamrock Organization

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The Freelance Revolution

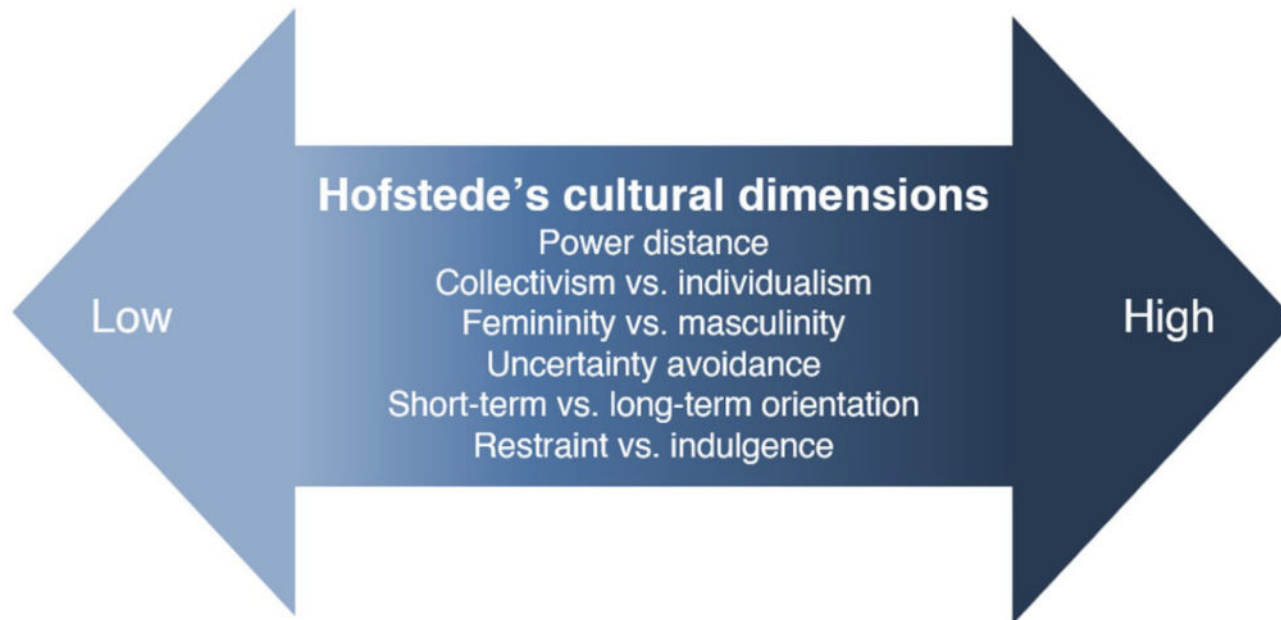
- Scan the QR code to read this article from *Forbes* magazine about “The Freelance Revolution”.
- From the article, list all the benefits of HRM changing their organizational structure to include more peripheral and outsourced workers (i.e., freelancers).



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BM Toolkit:

Hofstede's cultural dimensions & organizational structures (HL)



- Discuss how the knowledge of Hofstede's cultural dimensions can influence organizational structures.



Factors that influence the design of organizational structures

Size of the business	Larger firms tend to require more formal structures and vice versa.
Employee competencies	Highly skilled workers can adopt flat/flexible or project-based structures whereas low-skilled workers require a more formal structure.
Management attitudes	Managers who trust their staff are more likely to implement flatter structures to enable delegation and vice versa.
Organizational culture	Creative and innovative cultures that are accustomed to change might opt for more flexible project-based structures.

Concepts in BM: change, creativity and innovation

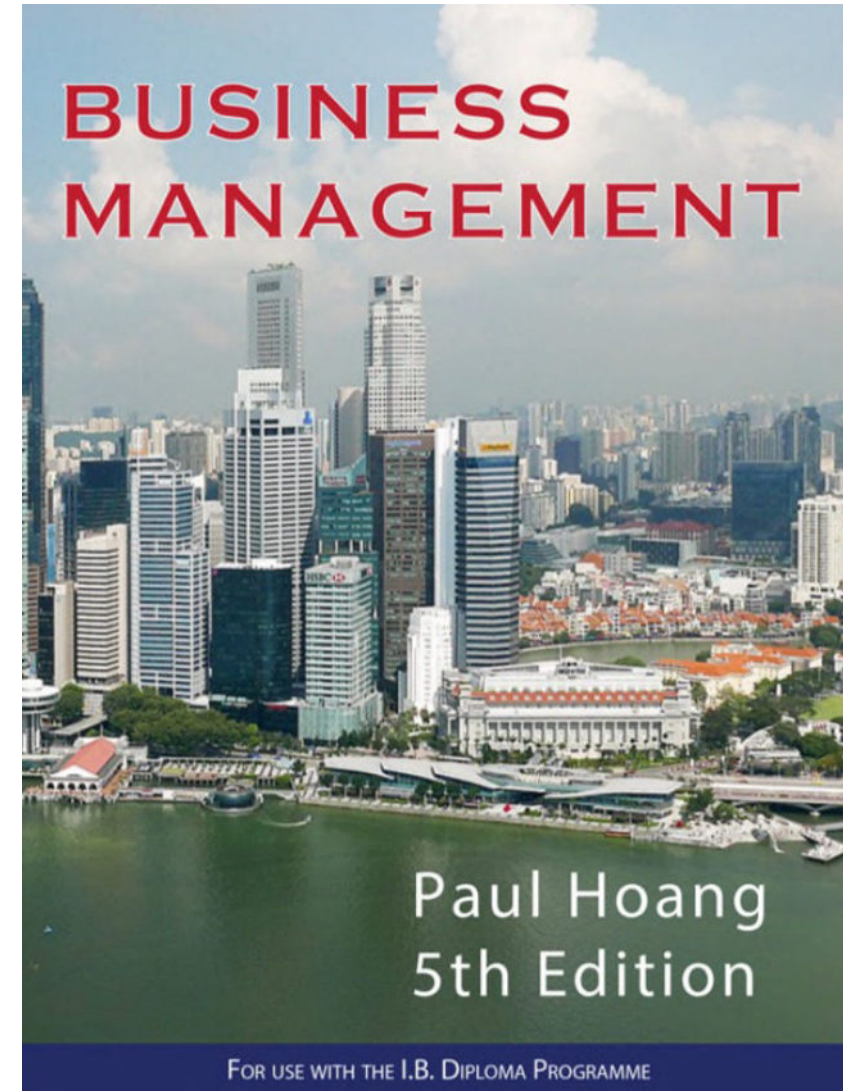
- There is no 'best' or optimal strategy when it comes to structuring an organization.
- The 'best' or optimal strategy depends on several key factors.



Over to you

- Hoang textbook
- *Review Questions*
 - Page 128

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2.3 Leadership and management

Topic 2: Human resource management

Unit content

Content	Assessment objective
<u>Scientific and intuitive thinking/management (HL only)</u>	AO2
<u>Management and leadership</u>	AO2
<u>The following leadership styles:</u> <ul style="list-style-type: none"> • <u>Autocratic</u> • <u>Paternalistic</u> • <u>Democratic</u> • <u>Laissez-faire</u> • <u>Situational</u> 	AO3
Business Management Toolkit: <ul style="list-style-type: none"> • <u>Force field analysis (HL only)</u> • <u>Hofstede's cultural dimensions (HL only)</u> 	
<u>Leadership and management and the business management concepts</u>	

Scientific and intuitive thinking/management (HL only)

Lost!

You are visiting a city you have never been to before. After a long day of exploration, you want to go back to your hotel. However, you realize you are lost, and your phone battery has no power left. You know your hotel is within walking distance.

1. How will you find your way back to your hotel?
2. If you do not speak the local language, how will this influence your attempt to return to the hotel?



Scientific thinking and management

- Scientific thinking and management are based on objectivity, facts and empirical evidence.
- Decisions are made on quantifiable data and proof rather than on subjective opinions.



Intuitive thinking and management

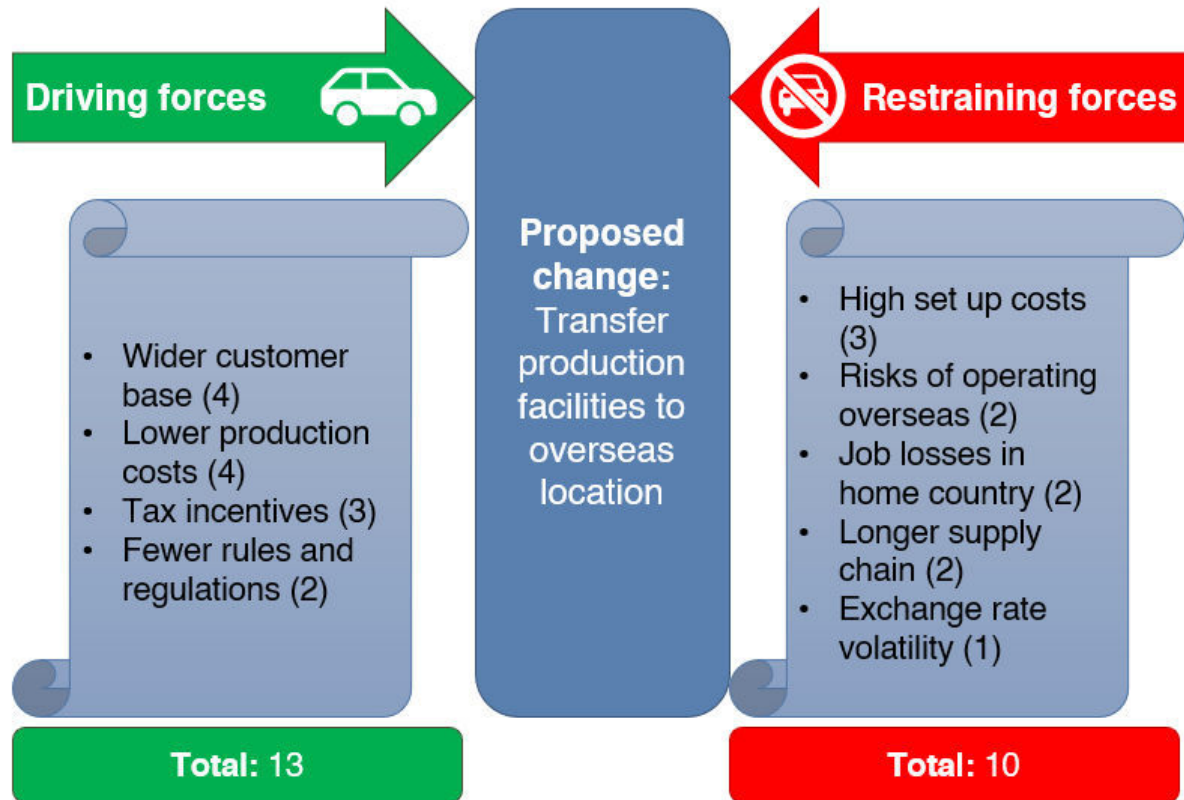
- Intuitive thinking and management are based on personal beliefs, perceptions and instincts (gut feelings).



Scientific or intuitive decision-making

- Most decisions are based on a combination of both scientific and intuitive aspects.
- The choice of decision-making depends on numerous factors such as:
 - Extent of work experience.
 - The scale of the decision.
 - The urgency of the decision.





BM Toolkit: BUSINESS MANAGEMENT

Force field analysis in scientific and intuitive decision-making (HL only)

- Explain how force field analysis uses scientific and intuitive decision-making.

Management and leadership



Leadership or management?

1. What does a leader do?
2. What does a manager do?
3. What are the characteristics (traits) of a leader?
4. What are the characteristics (traits) of a manager?

Write your answers down on sticky notes. Use one sticky note for each question and be prepared to share your responses with the class.



Leadership vs. management



Management

- Management is the practice of achieving an organization's objectives by using and controlling the available human and non-human resources of the business in an effective way.
- A manager is someone with decision-making authority within a firm, and has responsibility for problem-solving in order to achieve specific organizational goals.

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Leadership

- Leadership is the practice of influencing, invigorating and inspiring others to achieve organizational goals.
- A leader is someone who influences and inspires others to get things done.
- They foster:
 - Motivation
 - Respect
 - Trust
 - Loyalty





Differences between leadership & management

	Leadership	Management
Time and Devotion	<ul style="list-style-type: none">• 24 hours a day• Long term perspective	<ul style="list-style-type: none">• 9am to 5pm• Short term perspectives
Roles and responsibilities	<ul style="list-style-type: none">• Broader role• What and why questions	<ul style="list-style-type: none">• More defined role• How and when questions
Influence on others	<ul style="list-style-type: none">• Followed through vision and action• Focus on emotions	<ul style="list-style-type: none">• Command by authority• Focus on outcomes
Risk-taking	<ul style="list-style-type: none">• Challenge status quo	<ul style="list-style-type: none">• Follow rules and policies• Keep order and control
Vision	<ul style="list-style-type: none">• Create culture of hope• Suitable in times of change	<ul style="list-style-type: none">• Abide by procedures and cultures• Suitable in stable environment

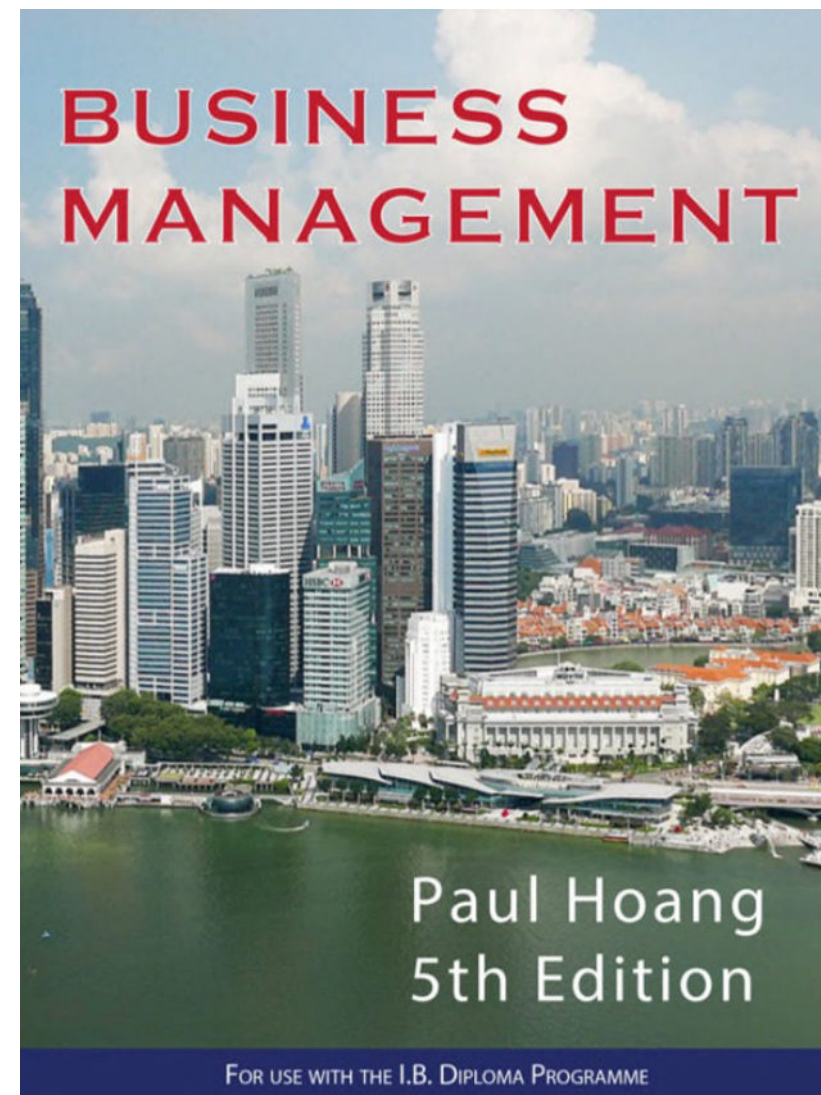
Skills and roles of leaders versus managers

Leadership	Management
Do the right thing	Do things right
Knowing what's right	Doing what's right
Motivating and inspiring others	Directing and controlling others
Inspire others to follow a shared vision	Follow orders from executives
Create a change	Conform to the norms
Innovators	Problem solvers
Action	Position
Strategic decision making	Tactical decision making
Trusted and respected by others	Listened to by others
Achievement of objectives through willingness of followers	Achievement of objectives through compliance of others
Natural Instincts	Learned skills

Approaches to learning

- Hoang textbook
- Activity 9.1 *Research and thinking skills*
 - Page 134

BUSINESS MANAGEMENT

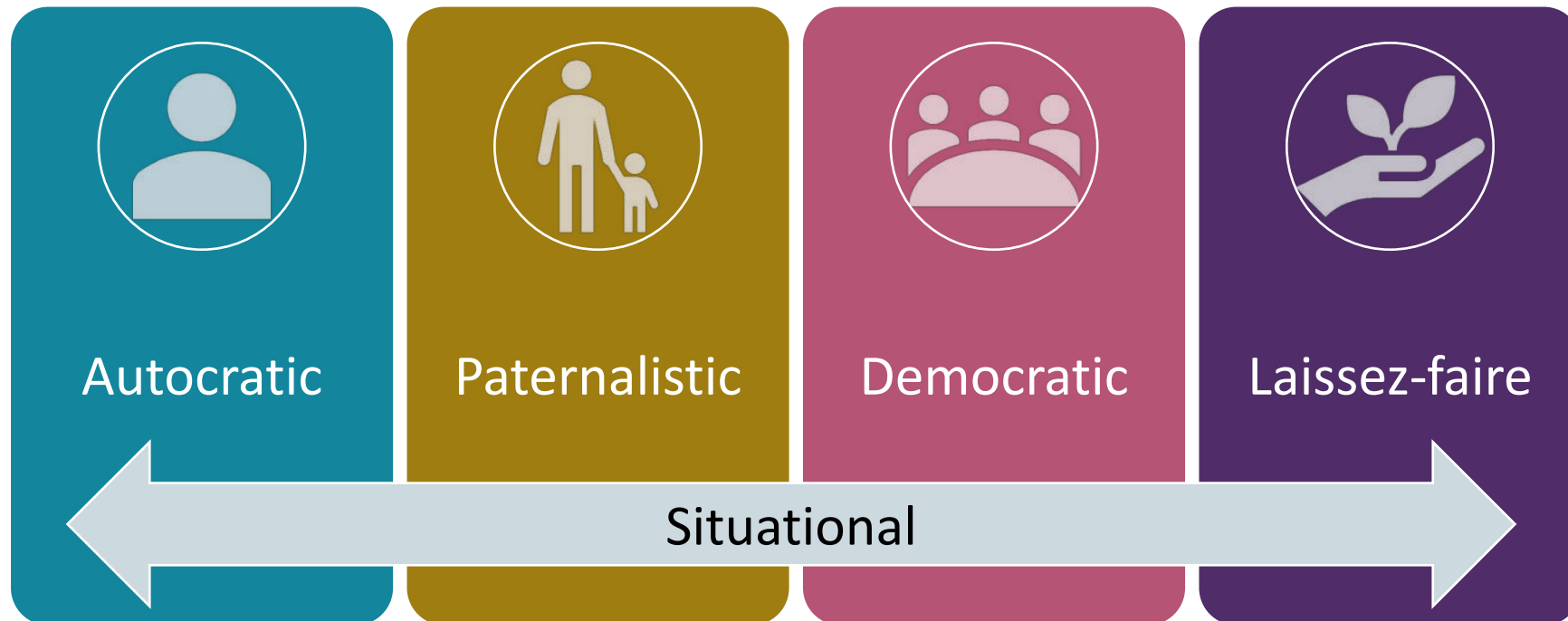


The following leadership styles:

- Autocratic
- Paternalistic
- Democratic
- Laissez-faire
- Situational

Spectrum of leadership styles

- Leadership is the process of influencing and inspiring others to achieve organizational goals.
- There is a wide spectrum of leadership styles.



Autocratic

- This type of leader:
 - makes all the decisions independently.
 - does not delegate.
 - instructs others.



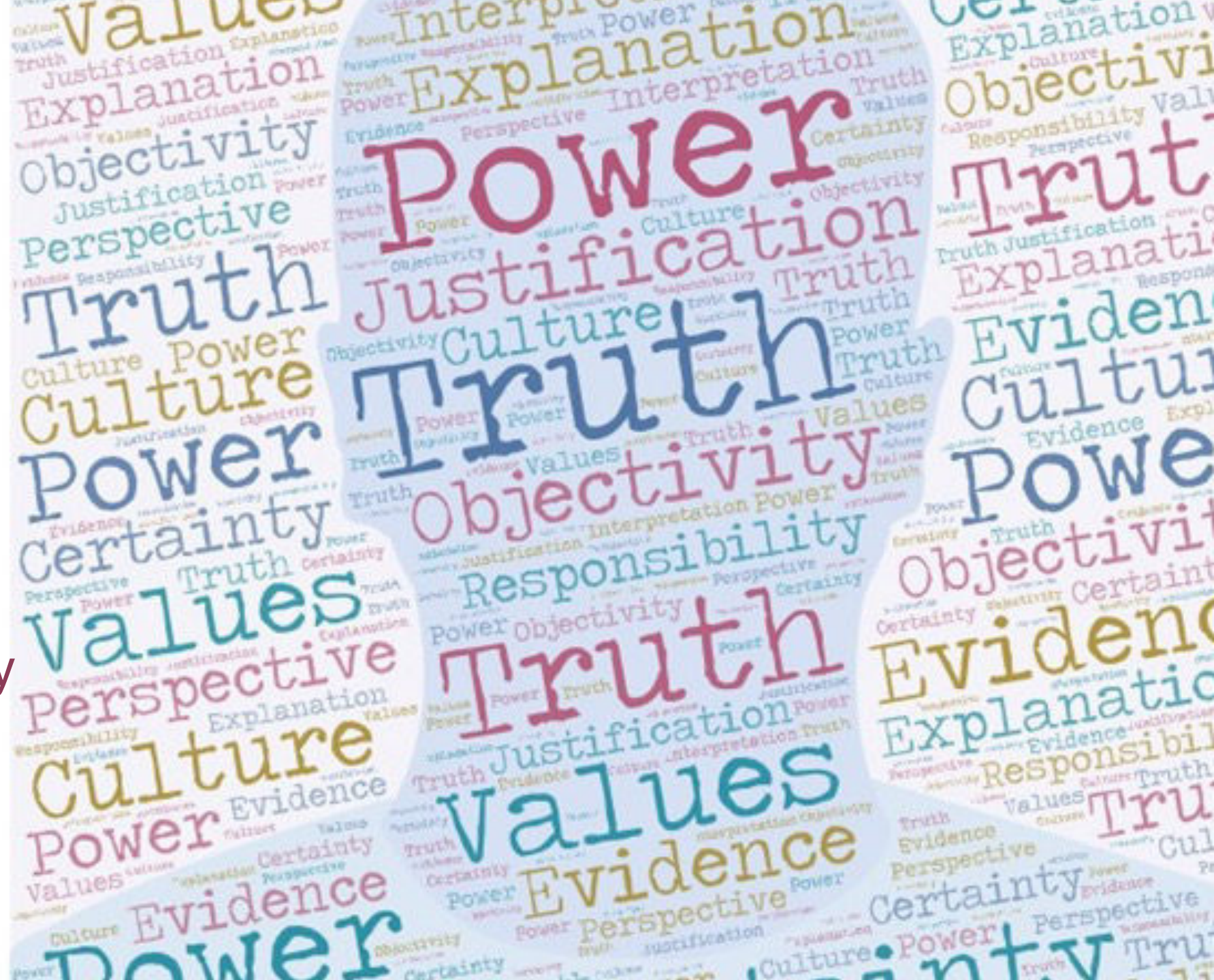
Suitable for:

- Unskilled employees
- Crisis situations

Drawbacks of this leadership style:

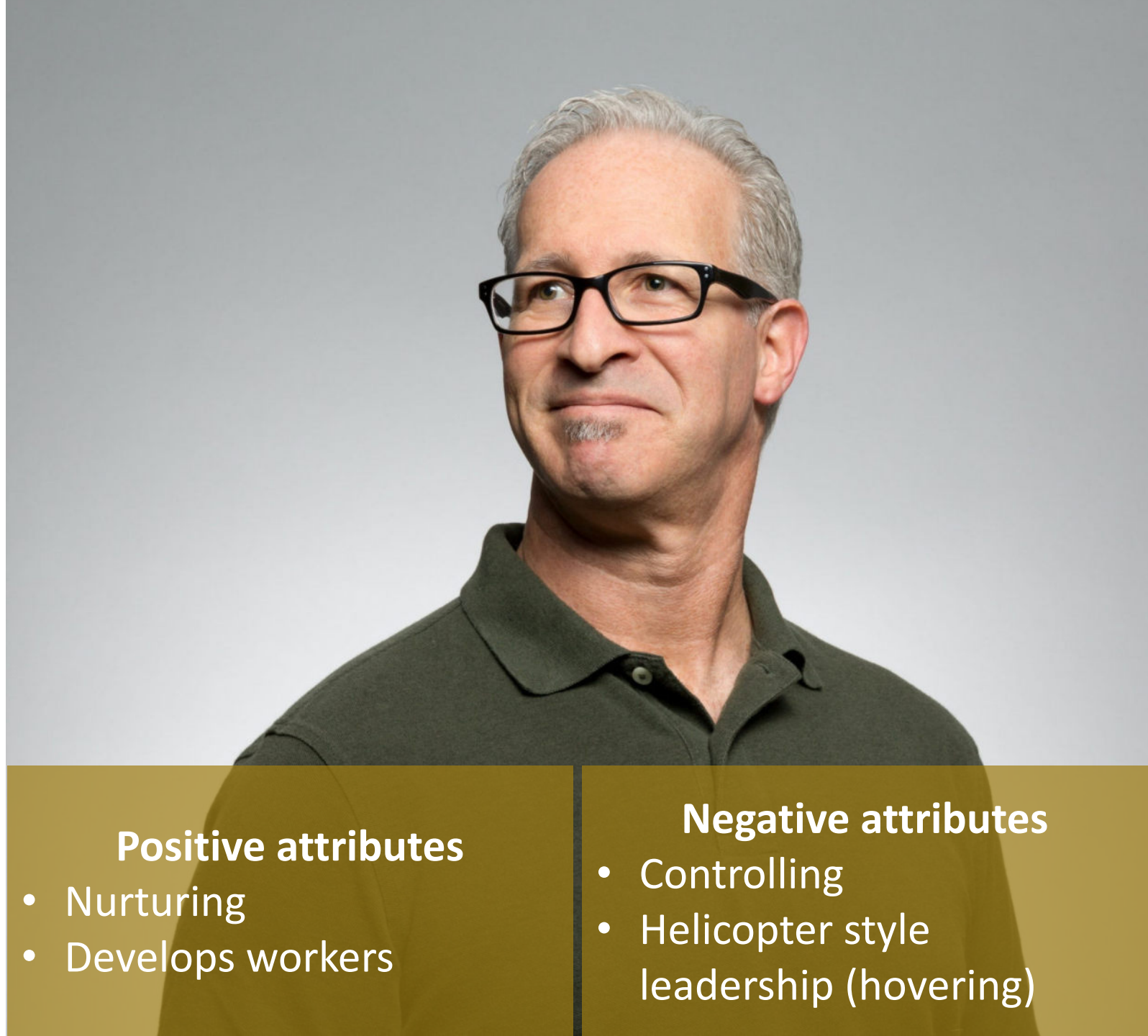
- No feedback from employees
- Opinions and suggestions are ignored
- Poor working relationships leading to high levels of absenteeism and turnover.

Is it possible for employees to thrive under autocratic leadership? Do autocrats necessarily suppress creativity?



Paternalistic

- This type of leader treats their employees as if they were family members by guiding them through a consultation process



Positive attributes

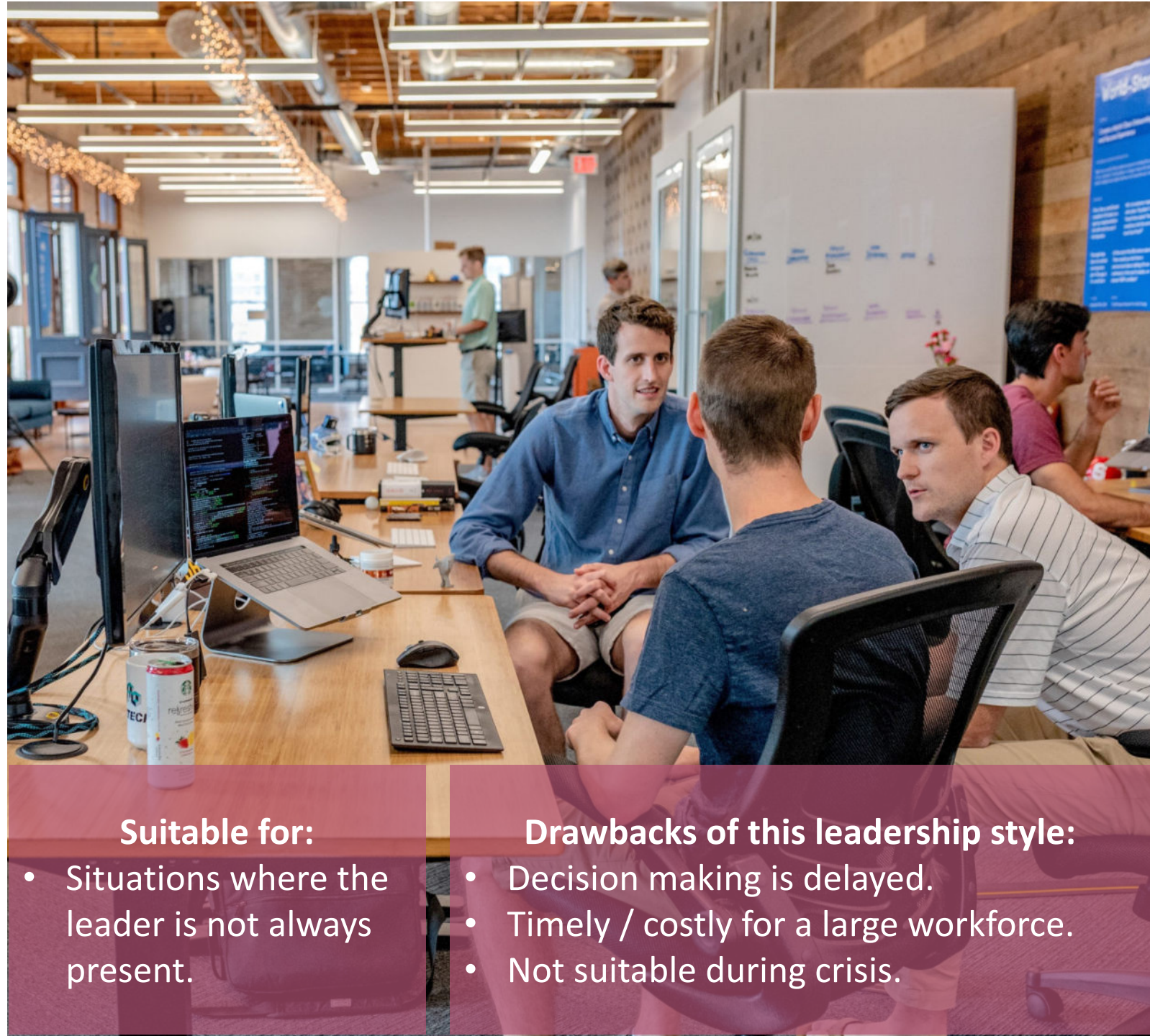
- Nurturing
- Develops workers

Negative attributes

- Controlling
- Helicopter style leadership (hovering)

Democratic

- This type of leader:
 - involves employees in decision making.
 - consults staff and considers their views.
 - develops better morale.



Suitable for:

- Situations where the leader is not always present.

Drawbacks of this leadership style:

- Decision making is delayed.
- Timely / costly for a large workforce.
- Not suitable during crisis.

Laissez-faire

- This type of leader will:
 - have minimal direct input.
 - allow staff to make decisions.
 - rely on high levels of staff motivation.



Suitable for:

- Environments requiring creativity.

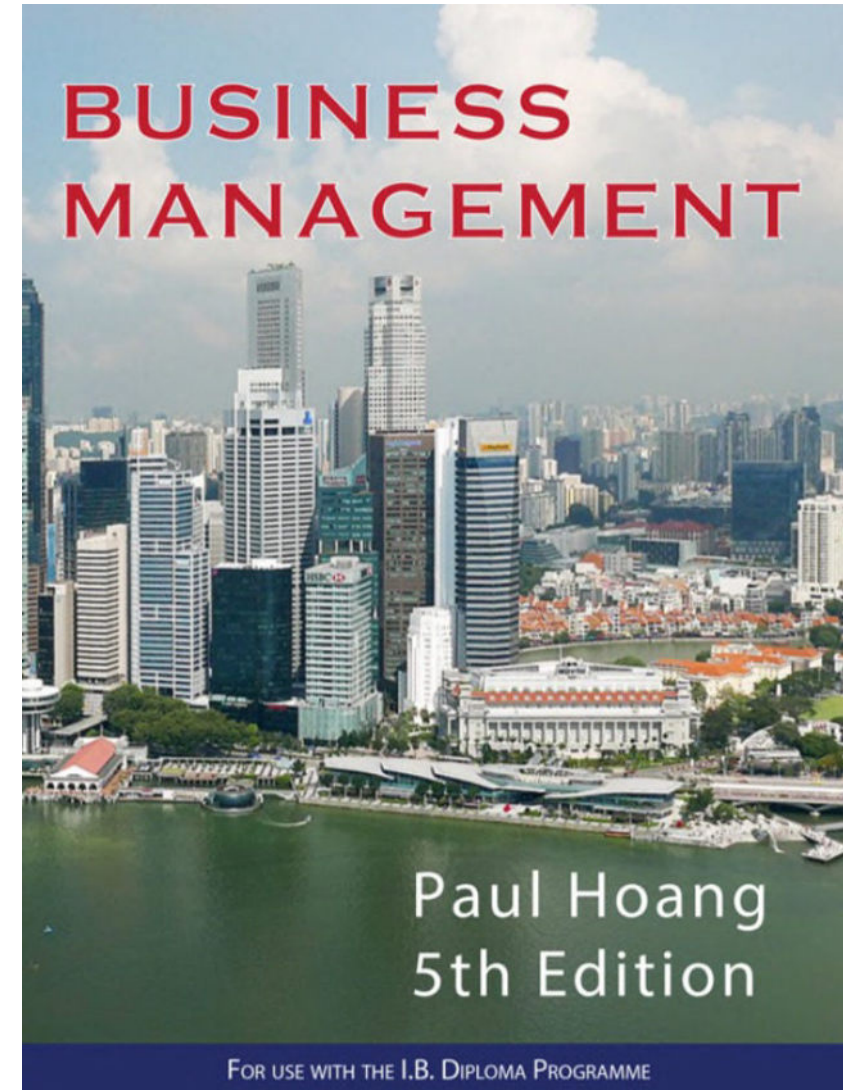
Drawbacks of this leadership style:

- Time consuming decision making.
- Delayed execution.
- Relies heavily on teamwork.
- Potentially encourages slack.

Over to you

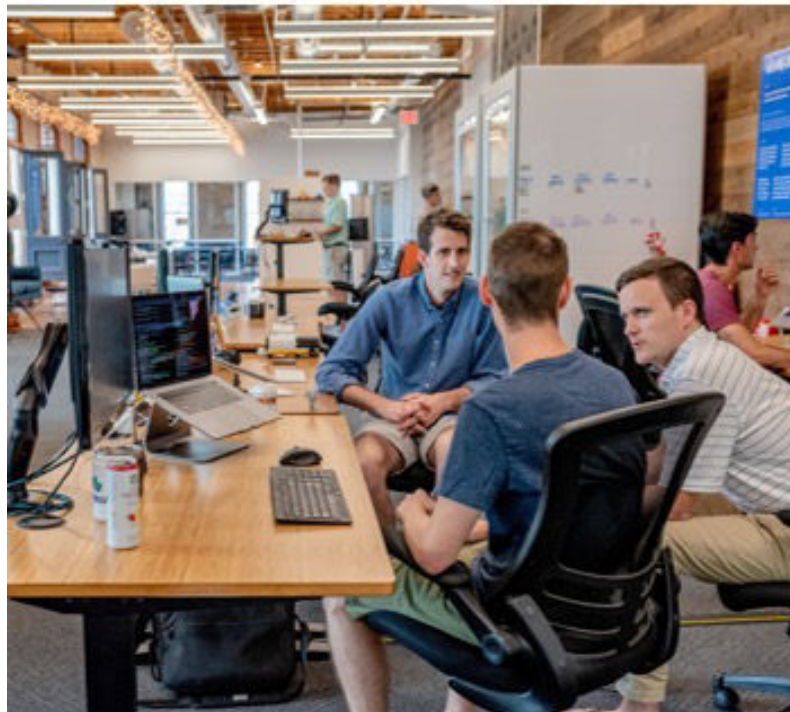
- Hoang textbook
- Question 9.1 *Vinayak Textiles*
 - Page 136
- Answer all parts

BUSINESS MANAGEMENT



Situational

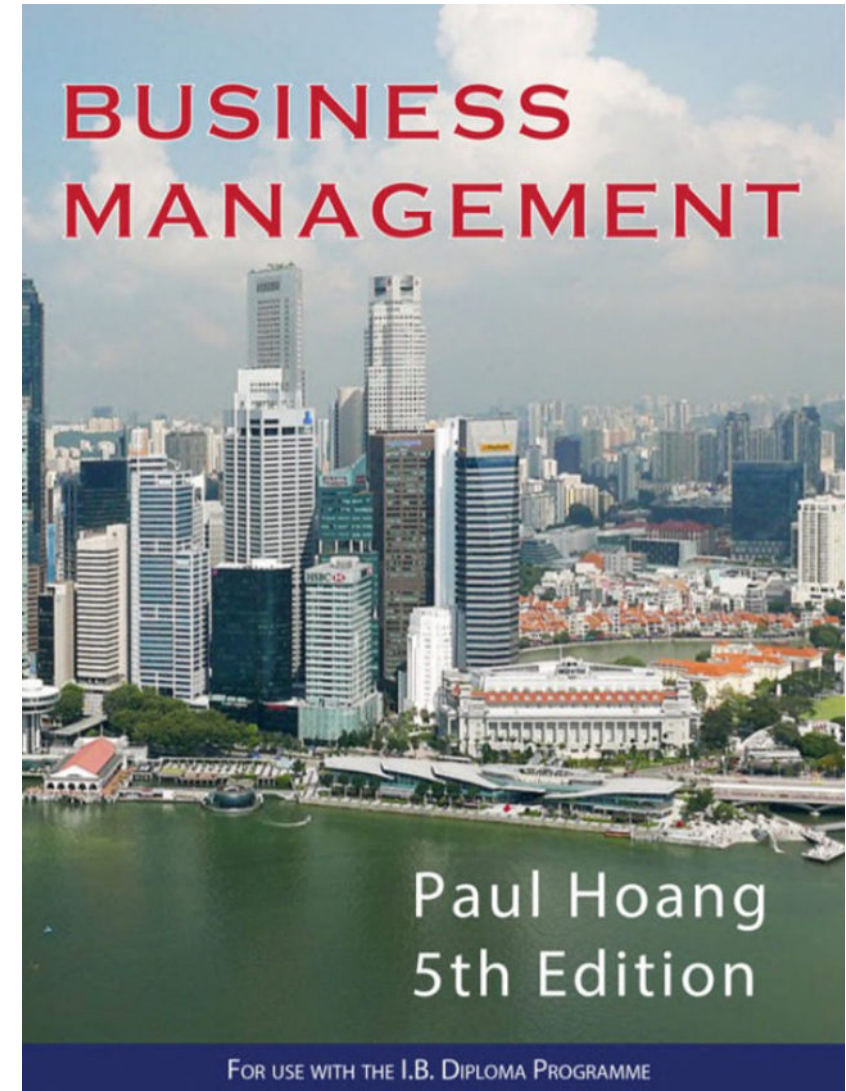
- This style of leadership is to adapt to circumstances by using the right person and the right leadership style.
- Factors affecting situational leadership styles:
 - Culture
 - Leader
 - Organization
 - Task
 - Subordinates



Over to you

- Hoang textbook
- Question 9.2 *Situational leadership (1)*
 - Page 137
- Question 9.3 *Situational leadership (2)*
 - Page 138
- Question 9.4 *School leadership and management*
 - Page 138
- Answer all parts

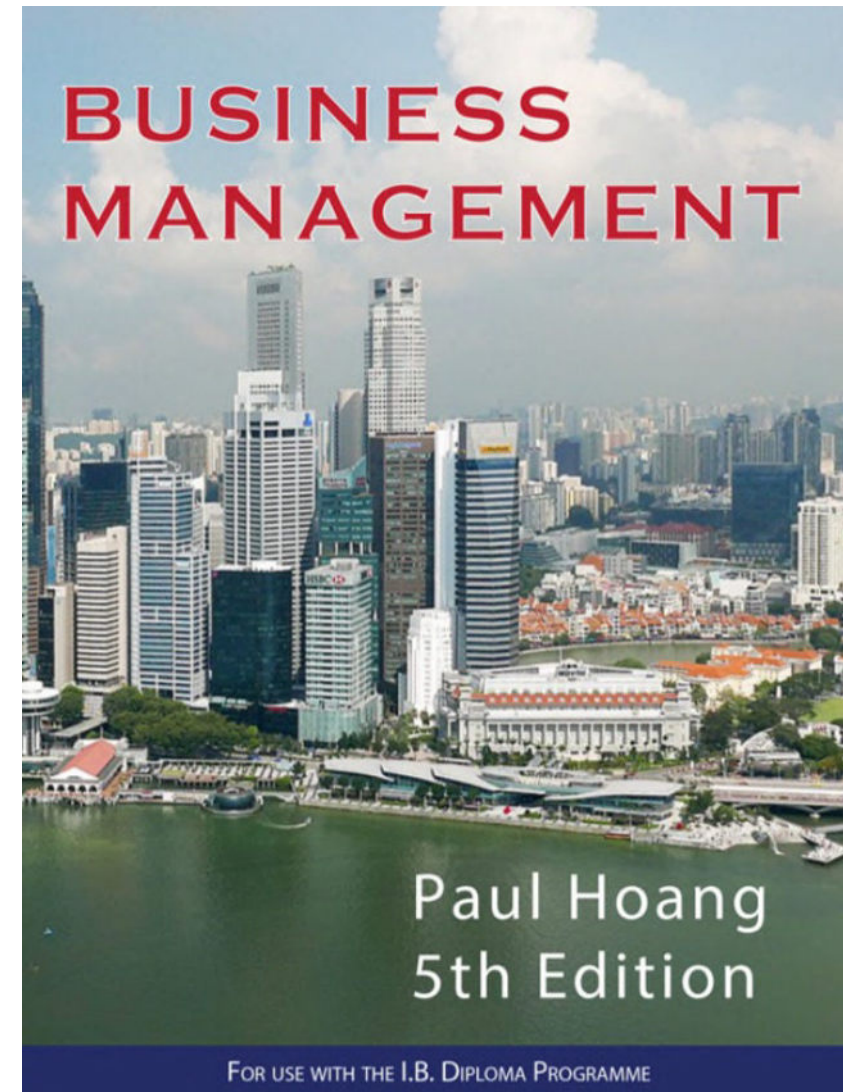
BUSINESS MANAGEMENT



Approaches to learning

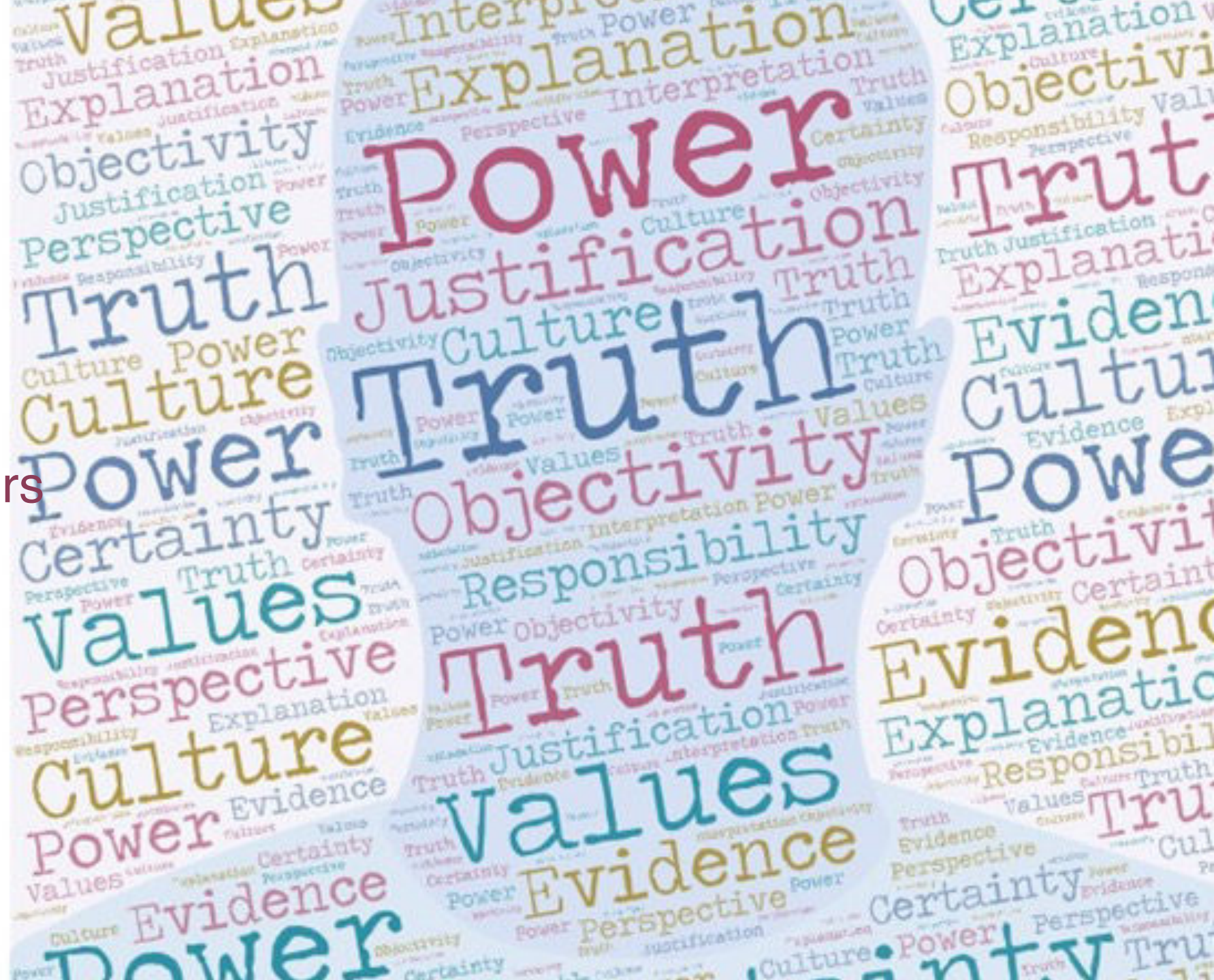
- Hoang textbook
- Activity 3.1 *Thinking and communication skills*
 - Page 40
- Activity 3.2 *Thinking skills*
 - Page 41
- Activity 3.3 *Research skills*
 - Page 41

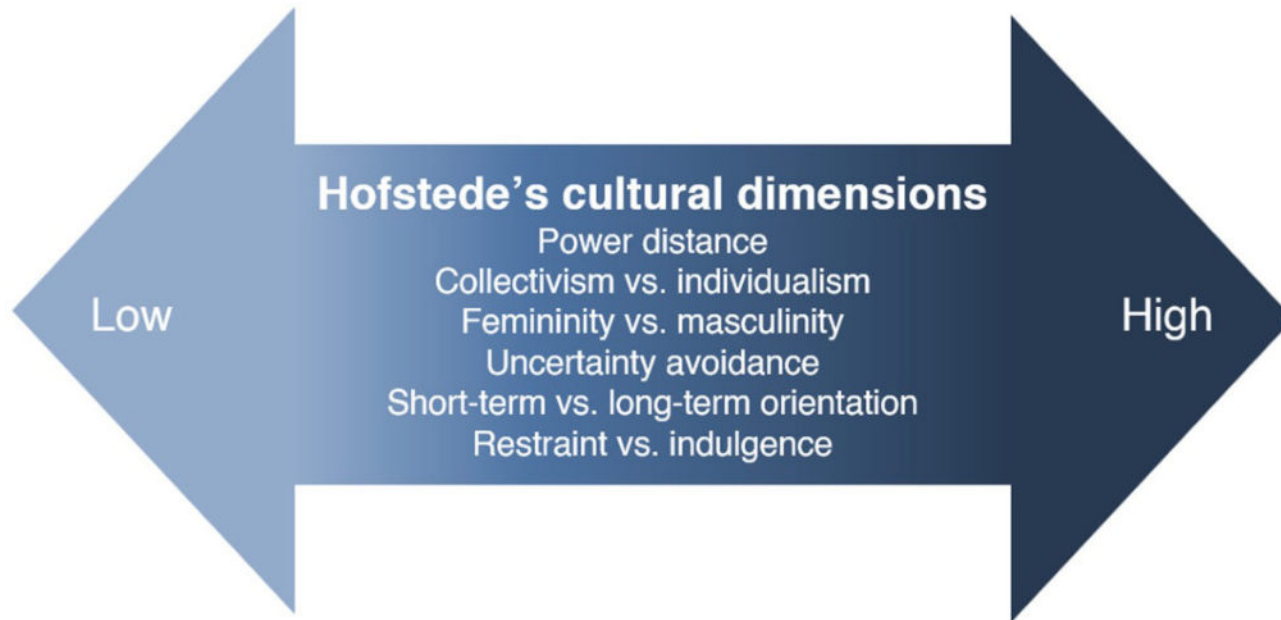
BUSINESS MANAGEMENT



Theory of knowledge

To what extent do leaders and managers always know what is 'best'?





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BM Toolkit:

Hofstede's cultural dimensions in leadership and management (HL)

- How might knowledge of Hofstede's cultural dimensions help to improve the effectiveness of management and leadership in business organizations?



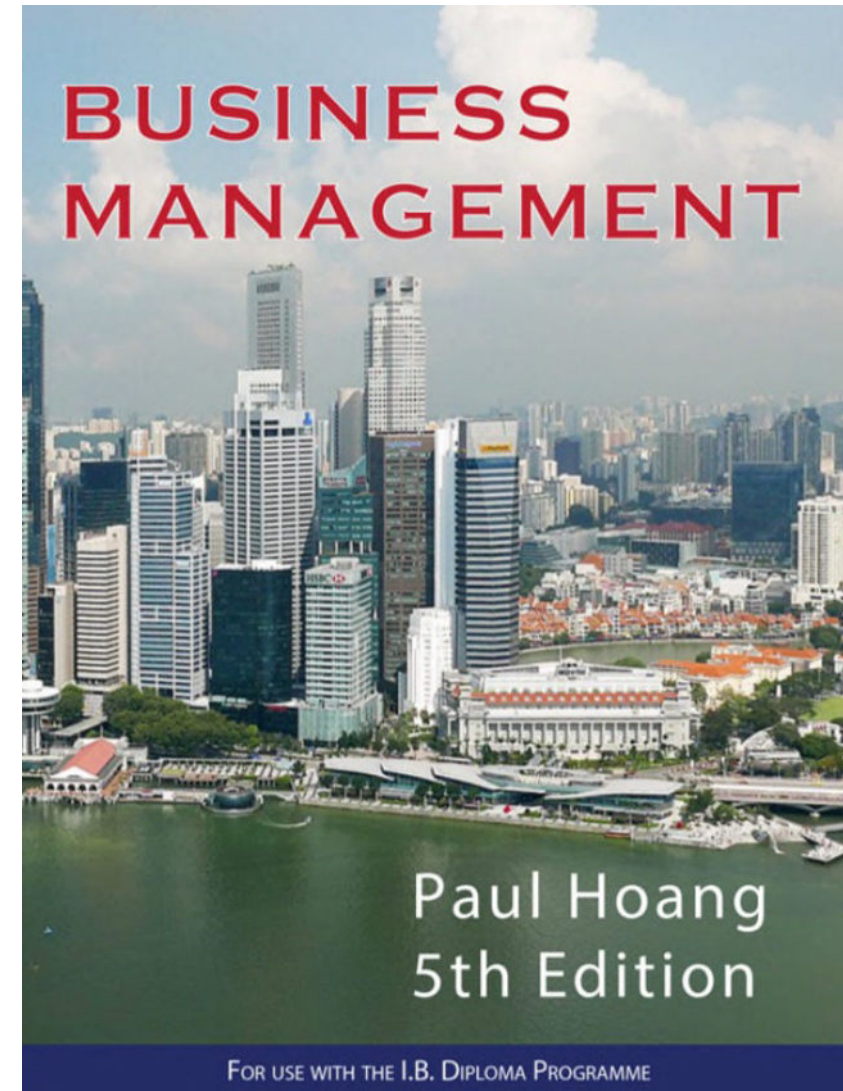
Concepts in BM: Ethics

- Ethical considerations of leadership and management are based on people's personal values and moral judgements.
- This in turn determines the extent to which a firm conducts business activities in an ethical manner.

Approaches to learning

- Hoang textbook
- Activity 9.2 *Thinking skills*
 - Page 139
- Activity 9.3 *Research and thinking skills*
 - Page 139

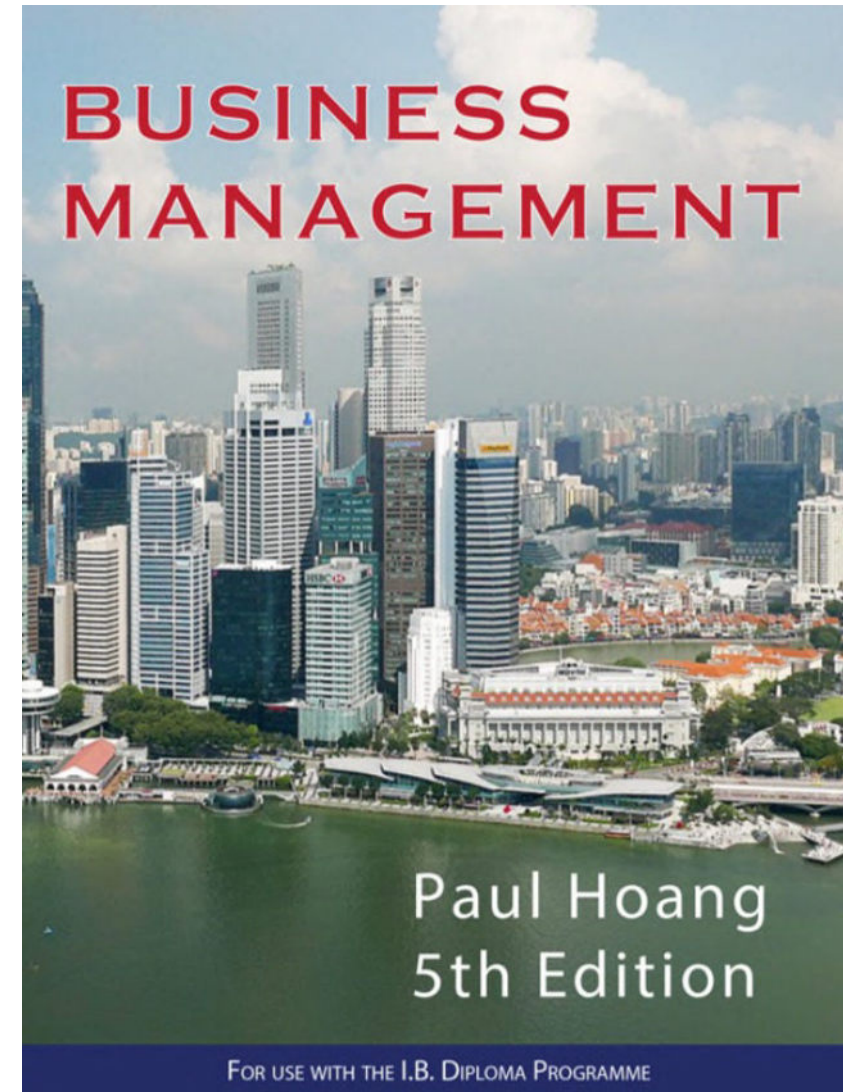
BUSINESS MANAGEMENT



Over to you

- Hoang textbook
- *Review Questions*
 - Page 140

BUSINESS MANAGEMENT



2.4 Motivation and demotivation (SL and HL)

Topic 2: Human resource management

Unit content

Content	Assessment objective
<p><u>The following motivation theories:</u></p> <ul style="list-style-type: none"> • <u>Taylor</u> • <u>Maslow</u> • <u>Herzberg (motivation-hygiene theory)</u> 	AO3
<p><u>The following types of financial rewards:</u></p> <ul style="list-style-type: none"> • <u>Salary</u> • <u>Wages (time and piece rates)</u> • <u>Commission</u> • <u>Performance-related pay (PRP)</u> • <u>Profit-related pay</u> • <u>Employee share ownership schemes</u> • <u>Fringe payments</u> 	AO2

Unit content

Content	Assessment objective
<p><u>The following types of non-financial rewards:</u></p> <ul style="list-style-type: none"> • <u>Job enrichment</u> • <u>Job rotation</u> • <u>Job enlargement</u> • <u>Empowerment</u> • <u>Purpose/the opportunity to make a difference</u> • <u>Teamwork</u> 	AO2
<p><u>The following types of training:</u></p> <ul style="list-style-type: none"> • <u>Induction</u> • <u>On the job</u> • <u>Off the job</u> 	AO2
<p>Business Management Toolkit:</p> <ul style="list-style-type: none"> • <u>Descriptive statistics</u> 	
<u>Motivation, demotivation and the business management concepts</u>	

Motivation in the workplace

- Motivation refers to the desire, effort and passion to achieve something.
- In business, it is the willingness to complete a task or job with enthusiasm.



The following motivation theories:

- Taylor
- Maslow
- Herzberg (motivation-hygiene theory)

Taylor

- Taylor's theory assumed that employees are primarily motivated by money.
- Productivity could be improved by setting output and efficiency targets related to pay.

Taylor's theory in brief

1. Train and develop each employee.
2. Provide detailed instructions and supervision of each worker.
3. Divide work equally between managers and workers:
4. Managers plan the work using division of labour.
5. Workers perform the work in a standardized fashion.
6. Workers receive payment based on differentiated piecework.

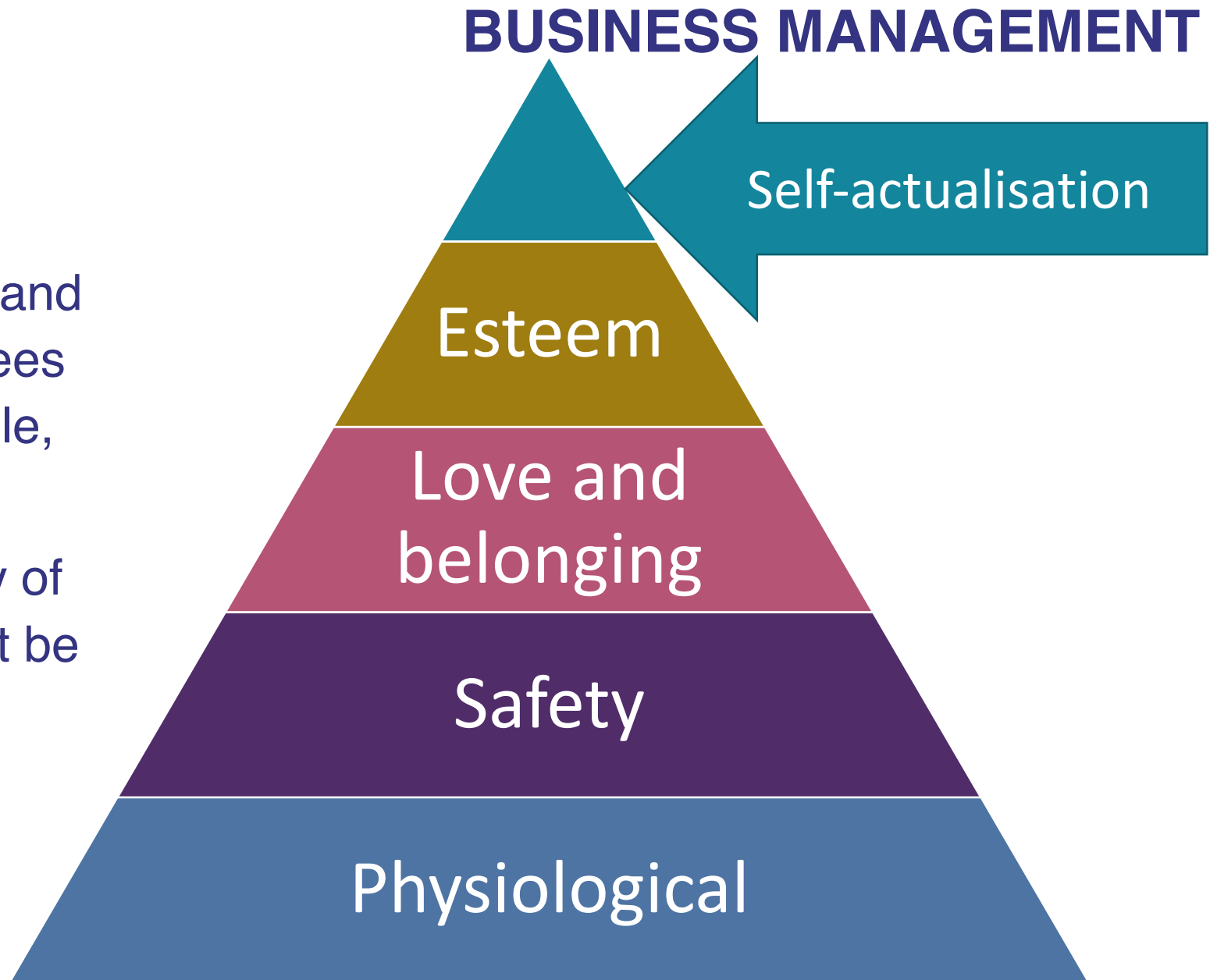
Criticisms of Taylor's theory

- Ignores non-financial factors.
- Does not recognize that people can be independent thinkers.
- Difficult to measure the output of professionals that focus on mental output, rather than physical output.
- Can lead to repetitive and monotonous tasks.



Maslow

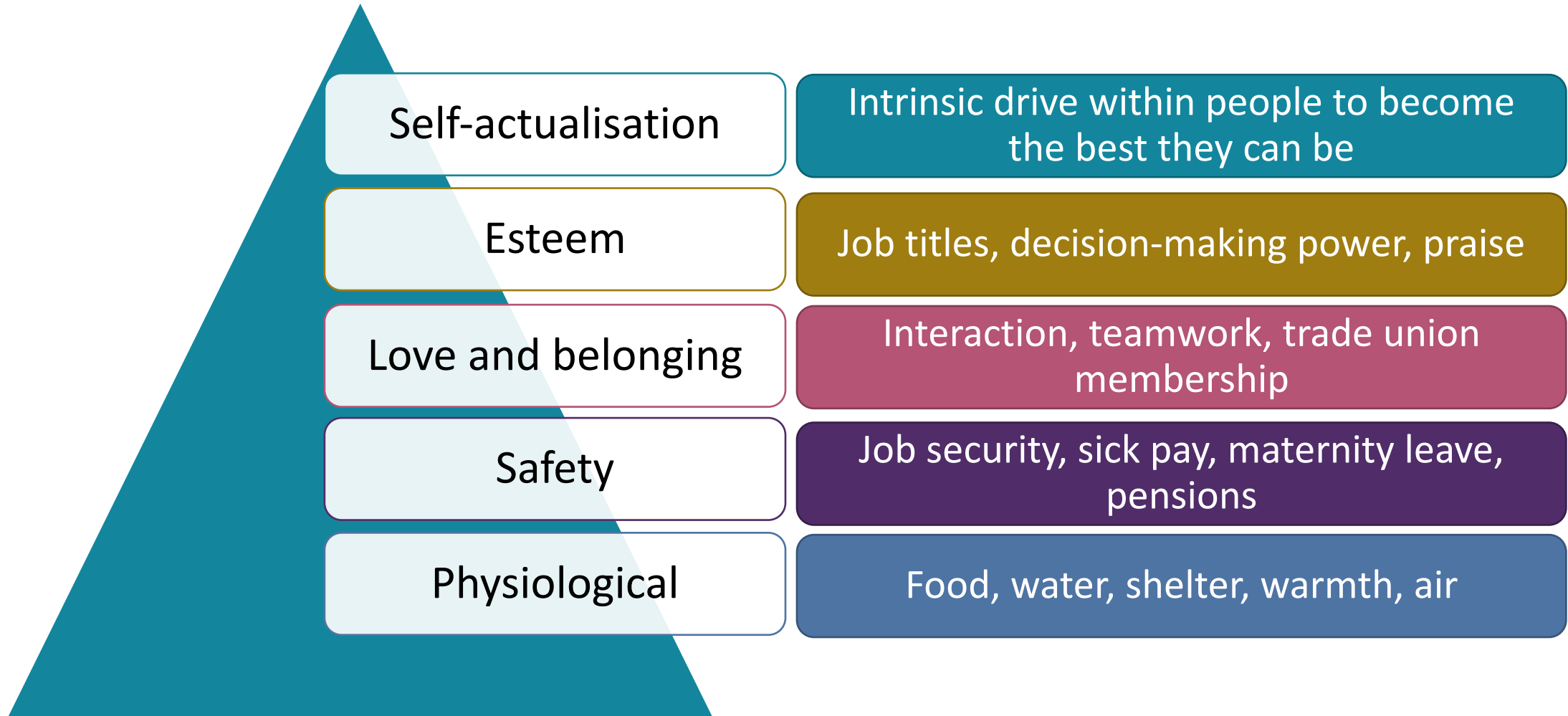
- Maslow believed that the psychological (emotional and mental) needs of employees was what motivated people, not just money.
- He developed a hierarchy of needs where people must be motivated by lower order needs before they can progress to higher order needs.



Maslow's theory explained



Examples of needs in Maslow's hierarchy



Criticisms of Maslow's theory

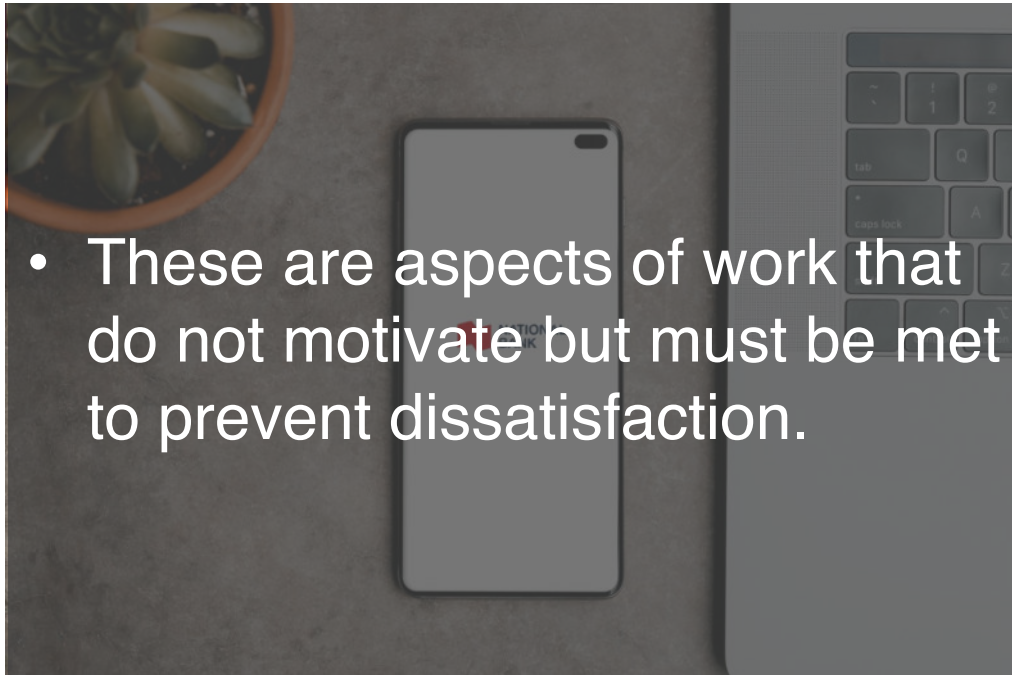
- Identification of workers' needs is difficult.
- Not everyone has the same five needs.
- Self-actualization needs are rarely permanently achieved.



Herzberg

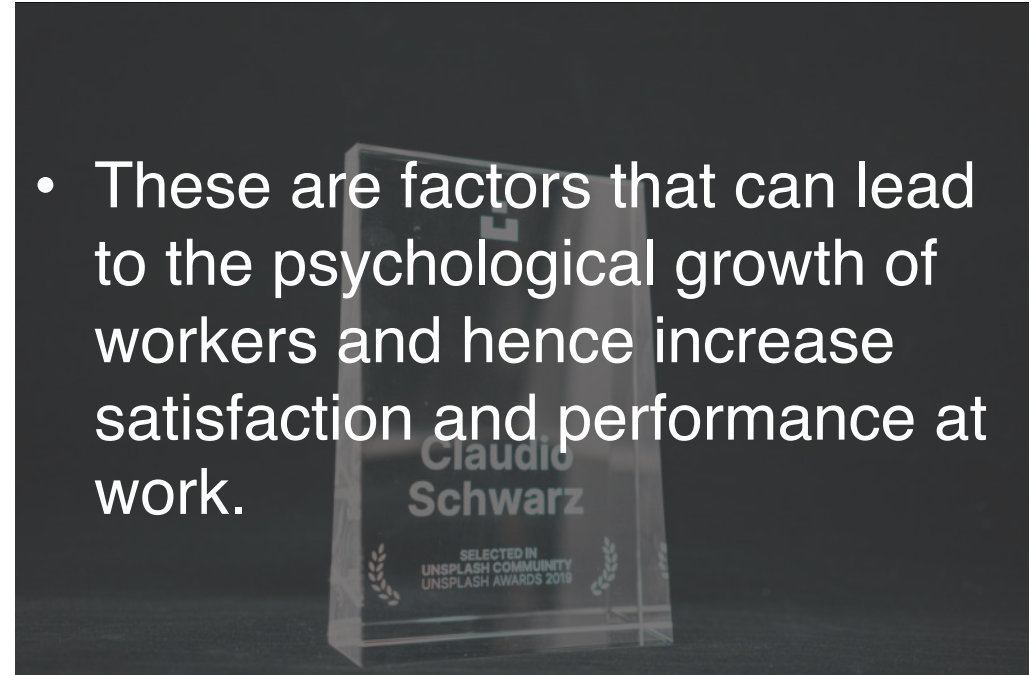
- Herzberg's research resulted in two categories of factors affecting the level of motivation in the workplace. They are:

Hygiene factors



- These are aspects of work that do not motivate but must be met to prevent dissatisfaction.

Motivators



- These are factors that can lead to the psychological growth of workers and hence increase satisfaction and performance at work.





Two- factor theory explained



Examples of hygiene factors and motivators

Hygiene factors	Motivators
Working conditions	Promotion opportunities
Organizational rules	Recognition
Relations with others	Responsibility
Job security	Achievement
Pay	Job enrichment
Paid leave	Job enlargement
Health insurance	Job empowerment

Herzberg's theory in brief

		Motivators	
		Not present	Present
Hygiene factors	Not present	Employees are: <ul style="list-style-type: none">• Dissatisfied• Not motivated 	Employees are: <ul style="list-style-type: none">• Dissatisfied• Motivated 
	Present	Employees are: <ul style="list-style-type: none">• Satisfied• Not motivated 	Employees are: <ul style="list-style-type: none">• Satisfied• Motivated 

Criticisms of Herzberg's theory

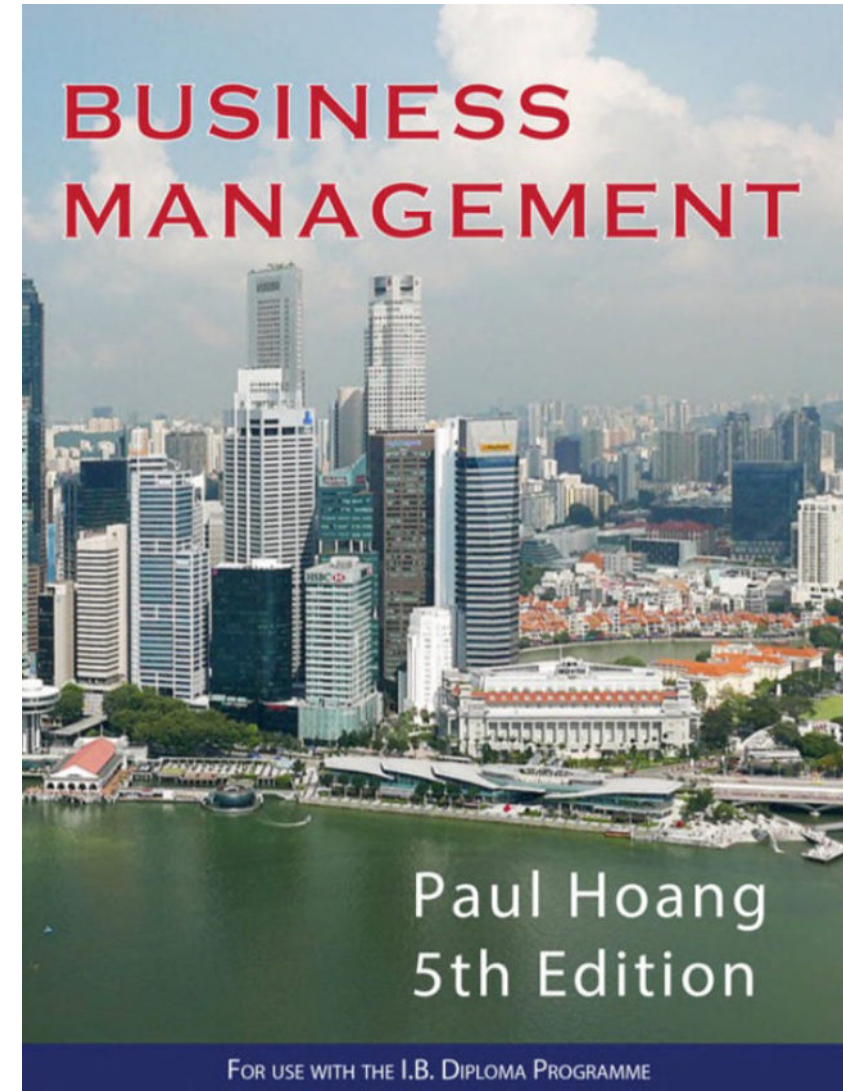
- Hygiene factors can be taken for granted.
- Does not apply to low skilled jobs (the study was limited to engineers and accountants).
- Employees may not want the extra responsibility and stress from having enriched / more demanding jobs.



Over to you

- Hoang textbook
- Question 10.1 *The world's richest billionaires*
 - Page 147
- Question 10.2 *Richer Sounds*
 - Page 149
- Answer all parts

BUSINESS MANAGEMENT



The following types of financial rewards:

- Salary
- Wages (time and piece rates)
- Commission
- Performance-related pay (PRP)
- Profit-related pay
- Employee share ownership schemes
- Fringe payments



Financial rewards

- Financial rewards are methods that businesses can use to motivate workers by using some form of monetary payment.
- Financial rewards can be time or output based.





Salary

- Salaries are financial rewards set at a fixed annual rate but paid on a regular basis (e.g., fortnightly or monthly)
- Salaried workers often work longer than their contracted hours but will not be paid for the extra work.

 Benefits	 Drawbacks
Useful for when output or productivity is difficult to measure and/or where linking pay with speed may lead to lower standards (e.g., teachers and doctors)	It is not easy to distinguish the efforts or outputs of different workers. Therefore, it is difficult to reward those who are more efficient and productive.
Better for a firm's cash flow due to monthly payments.	There is little, if any, incentive to work hard since people are paid the same amount for their time.



Wages

- Wages are the reward for labour services, usually expressed as an hourly rate (time) or as a measurable quantity of output (piece rate).
- Most unskilled workers are paid in hourly wages.
- Those who earn wages are likely to be paid overtime for any extra hours worked.

 Benefits	 Drawbacks
Using an hourly wage rate is an easily understood payment system.	Hourly rates are used to reward workers for their time not effort, which may encourage poor productivity.
Piece rate incentivizes workers to work harder.	Quality of products may deteriorate thus close supervision is necessary.
	Workers may be demotivated if there is a machinery failure.



Commission

- Commission pays workers a percentage of sales or output contributed.
 - e.g., An estate agent may get paid 1% of the value of each property that is sold. The 1% is known as the commission
- Typically, commission earners are also paid a basic salary, to help meet their physiological needs if very little is sold.

 Benefits	 Drawbacks
Overcomes the disadvantages of output-based systems such as wages.	Speed and aggressive selling techniques do not correlate with high quality.
	Puts added pressure on workers.
	Tasks can be repetitive or monotonous.
	Lack of security for employees as they do not know what their salary will be.
	There may be a need to hire more quality controllers.



Performance-related pay (PRP)

- PRP rewards those employees (as individuals, teams or whole workforces) who meet certain goals.
- These goals may be related to sales targets, competence or successfully completing a contract.
- This can be paid as a:
 - Performance bonus
 - Loyalty bonus
 - Pay rise
 - Gratuity

 Benefits	 Drawbacks
It creates incentives for staff to work better.	Targets may be unrealistic
Workers will work better with clear targets.	Stress can be caused by the pressure of meeting targets.
Fair as hard work is rewarded.	Non-financial motivators are ignored.
Creates a system of performance management	PRP is not appropriate for some professions where quality is seen as more important than quantity.



Profit-related pay

- Some businesses try to motivate their workforce by linking pay to the level of profits in the firm i.e. the higher the profit made, the greater the pay received by employees.
- It is usually paid as an annual bonus.

 Benefits	 Drawbacks
Strengthens employee loyalty and encourages team working.	The share of the profits made is usually too small to provide an incentive to work
Boosts labour efficiency and limits labour conflict.	Individual efforts are not recognized by this reward scheme
Breaks down a 'them and us' culture since everyone is working together to achieve high profits	It is more beneficial to senior management as employees lower down in the hierarchy feel that they have no influence over profits



Employee share ownership schemes

- This payment scheme rewards workers, managers and directors by giving them shares in the company.

 Benefits	 Drawbacks
Staff will have a direct interest in the well-being of the organization by being a shareholder.	Impractical to implement for employees other than those in senior management.
Lower rates of absenteeism and staff turnover.	Majority of employees do not qualify for share ownership.
	Typically the dividends distributed are not sufficient enough to act as incentives.

Fringe payments

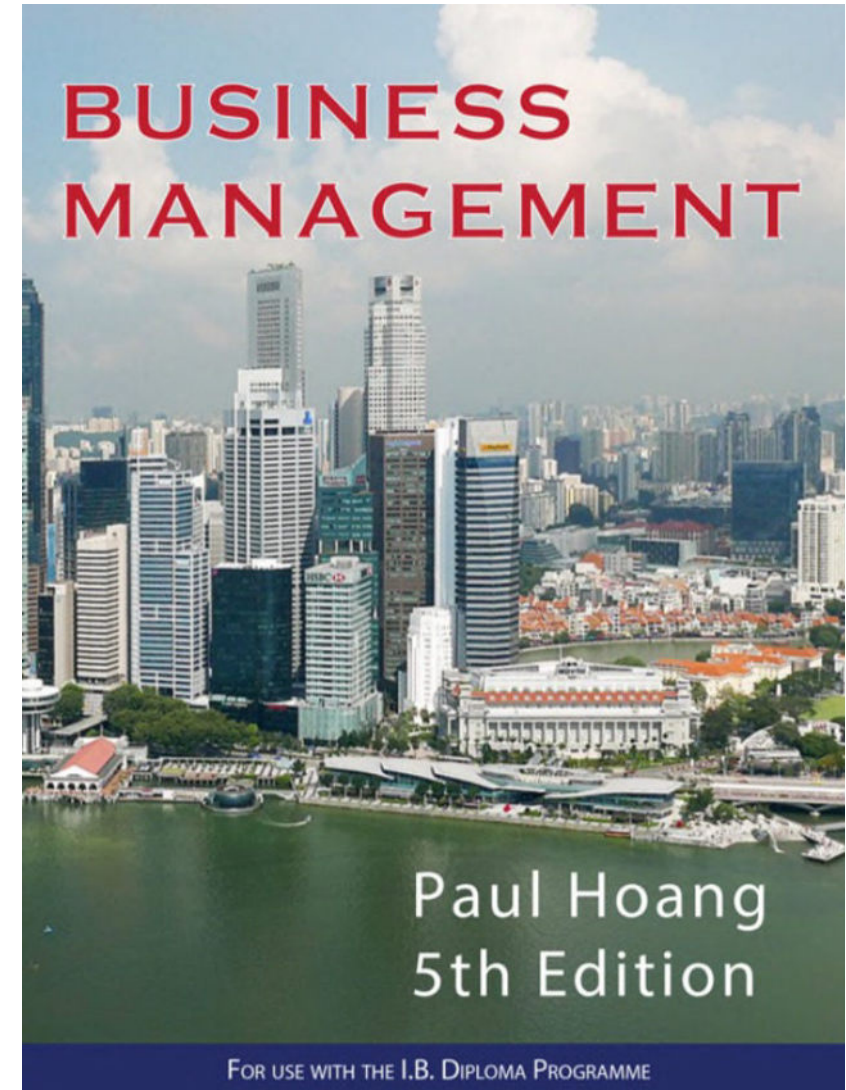
- Fringe payments are benefits to an employee in addition to their wages or salary.
- These will vary from employee to employee depending on their position.
- Examples include:
 - Subsidized meals
 - Private health insurance
 - Housing allowance
 - Pension fund contributions
 - Staff discounts
 - Company car

 Benefits	 Drawbacks
Helps to meet an employee's safety needs.	Can be hugely expensive, especially for senior executives who benefit from the most generous perks.
They can also make employees feel more valued as the employer is looking after the well-being of the employee	

Over to you

- Hoang textbook
- Question 10.6 *Calculating financial rewards*
 - Page 165
- Question 10.7 *Perez International Consultants*
 - Page 168
- Answer all parts

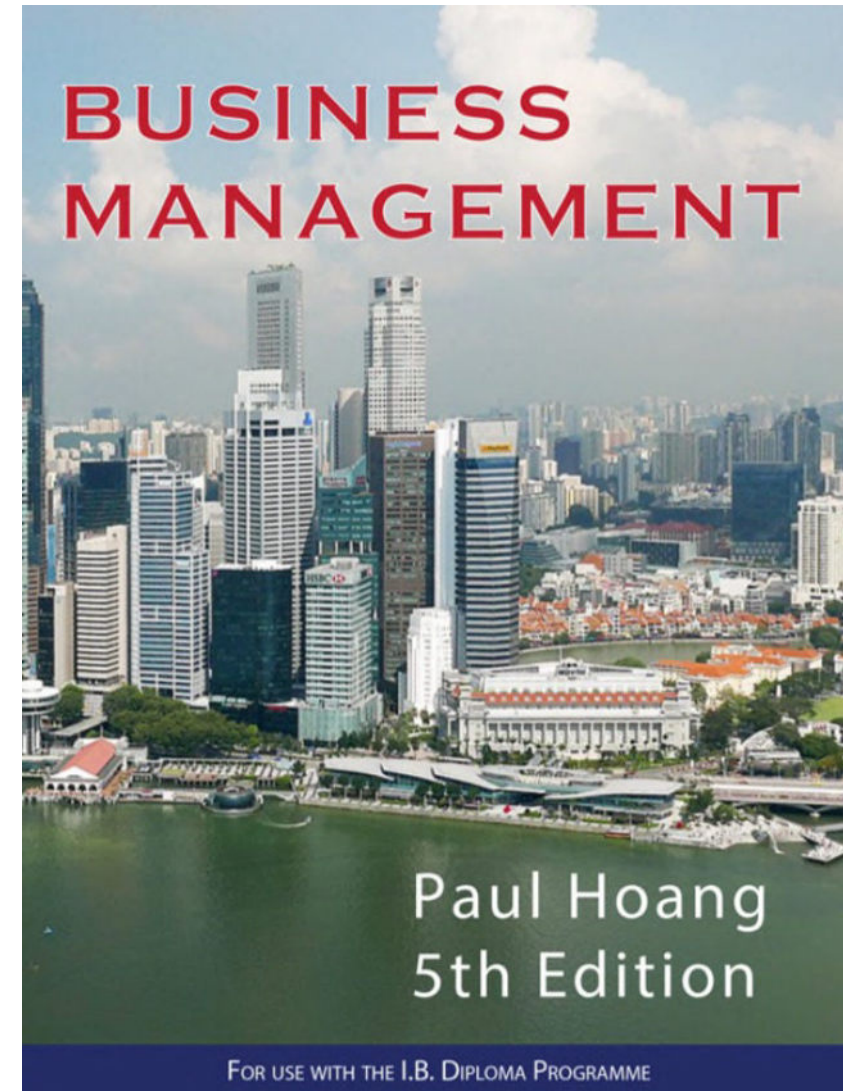
BUSINESS MANAGEMENT



Approaches to learning

- Hoang textbook
- Activity 10.3 *Research and thinking*
 - Page 164

BUSINESS MANAGEMENT



The following types of non-financial rewards:

- Job enrichment
- Job rotation
- Job enlargement
- Empowerment
- Purpose/the opportunity to make a difference
- Teamwork



Non-financial rewards

- Non-financial rewards are non-monetary factors that motivate people by offering psychological and intangible benefits (i.e. factors not directly linked to money).



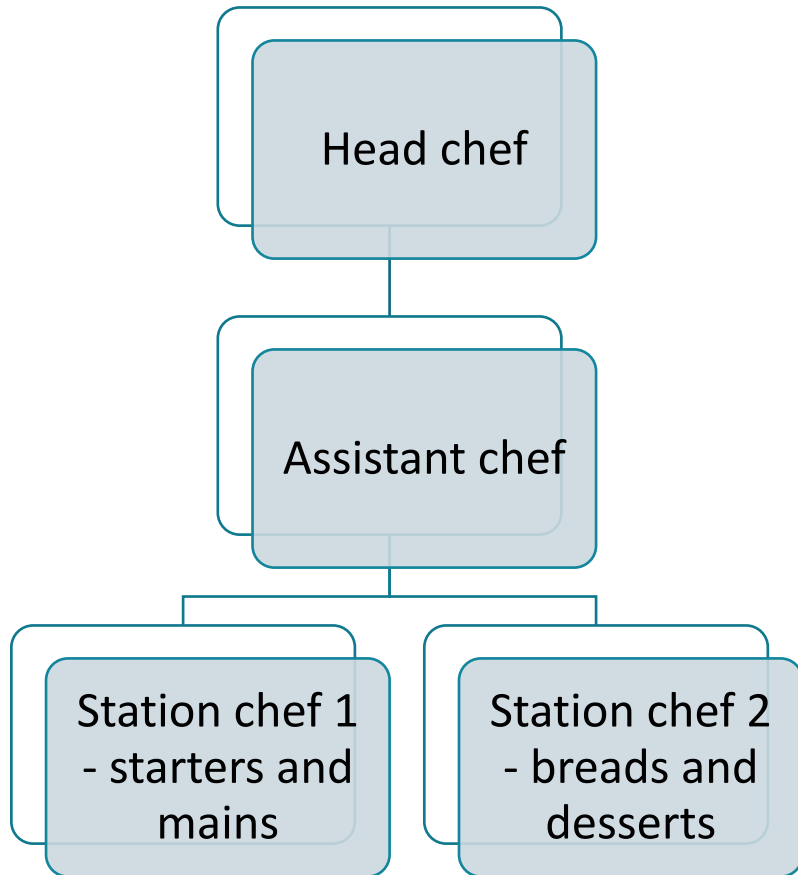
Job enrichment

- This involves giving workers more complex and challenging tasks to exploit their potential.
- It attempts to give employees greater responsibility by vertically extending their role in the organization chart.

 Benefits	 Drawbacks
Gives employees a challenge.	Workers may feel forced into the extra work and may not respond to incentives.
Encourages employees to be more productive.	There may disputes about the payment for extra responsibilities.
Employees feel rewarded.	Job enrichment has been found to be most beneficial in administration and technical roles.
Extra tasks could lead to future promotion.	

Non-financial rewards at a restaurant

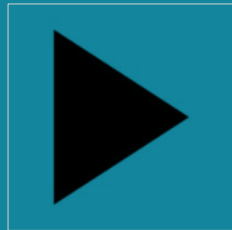
Organization chart for a small restaurant



Duties of each level in hierarchy

- Menu creation
- Planning staff roster
- Interviewing potential chefs
- Supervise food hygiene & kitchen sanitation

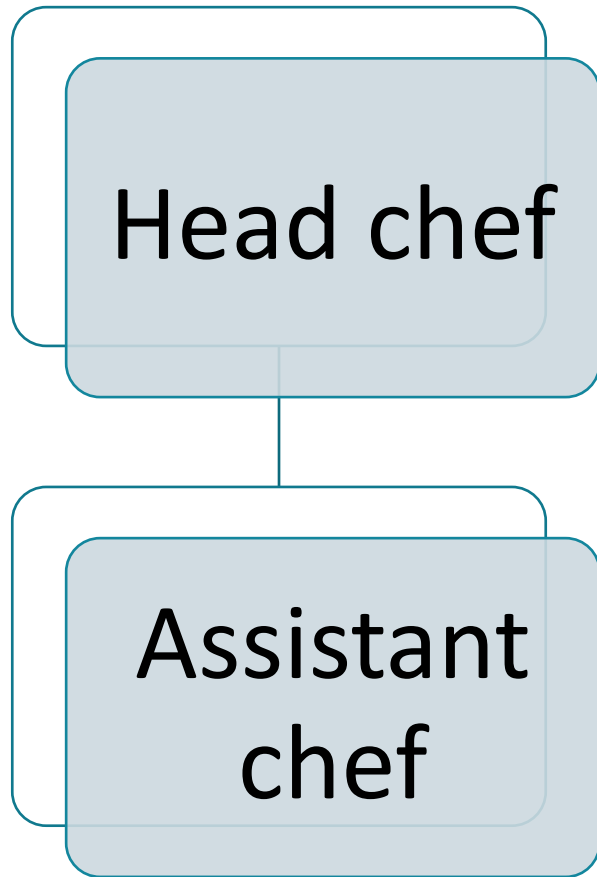
- Ordering ingredients
- Supervise station chefs
 - Quality control



- Food preparation
- Cooking for their station

Example of job enrichment for assistant chef

Organization chart for a small restaurant





Duties of each level in hierarchy with job enrichment

- Menu creation
- Planning staff roster
- Shortlist interviews of potential chefs
- Confirm food hygiene & kitchen sanitation is to standard

- Ordering ingredients
- Supervise station chefs
 - Quality control
- Preliminary interviews of potential chefs
- Supervise food hygiene & kitchen sanitation

Job rotation

- Job rotation is a type of job enlargement that involves workers performing different tasks at the same level of complexity in a systematic way.

 Benefits	 Drawbacks
Reduces boredom from overspecialization.	Gains in productivity by better motivation may be lost due to a fall in output as the employees settle into their new roles.
Makes it easier to cover for absent colleagues.	Greater training costs.
An employer will benefit from a more widely trained workforce.	Some employees see this as merely adding to their workload.

Example of job rotation for station chefs

Organization chart for a small restaurant





Job rotation for station chefs

- The station chefs take turns working at each station so both chefs get to broaden their range of cooking skills and abilities.

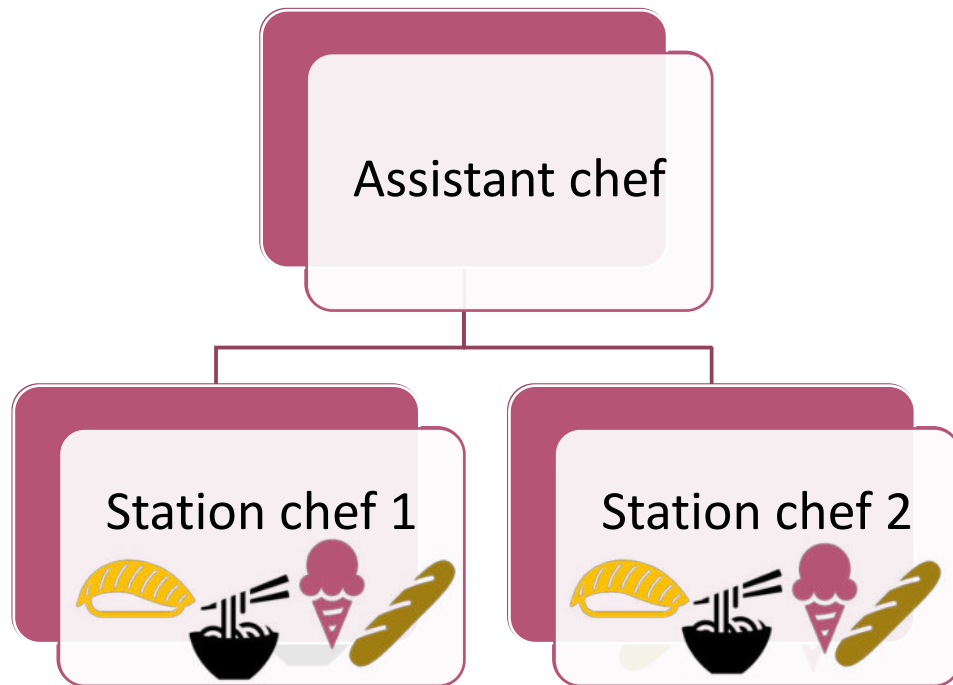
Job enlargement

- Job enlargement is broadening the number of tasks that an employee performs.
- The job essentially remains unchanged.
- It attempts to give employees a greater responsibility by horizontally extending their role within the organization chart.

 Benefits	 Drawbacks
Prevents boredom with repetitive tasks.	May reduce productivity as the employee may be less efficient at completing the whole task.
	Employees may view this as a way to get them to do more work for the same pay.
	Workloads may become unmanageable for employees.

Example of job enlargement for station chefs

Organization chart for a small restaurant



Job enlargement for station chefs

- The station chefs are given the opportunity to cook all menu items instead of specializing in their area of expertise.

Empowerment

- Empowerment is about developing the potential of workers or teams to achieve the best they can.
- It involves granting workers the authority to be in charge of their own jobs and execute their own ideas to solve business problems.

YOU
DESERVE
IT

Ways to cultivate empowerment

- Delegation
- Worker participation
- Continuous professional development

Purpose/the opportunity to make a difference

- Purpose is the opportunity to make a positive difference.
- Some employees are motivated by intrinsic, altruistic motives. For example:
 - Doctors and nurses
 - Social workers
 - Charity workers
 - Teachers



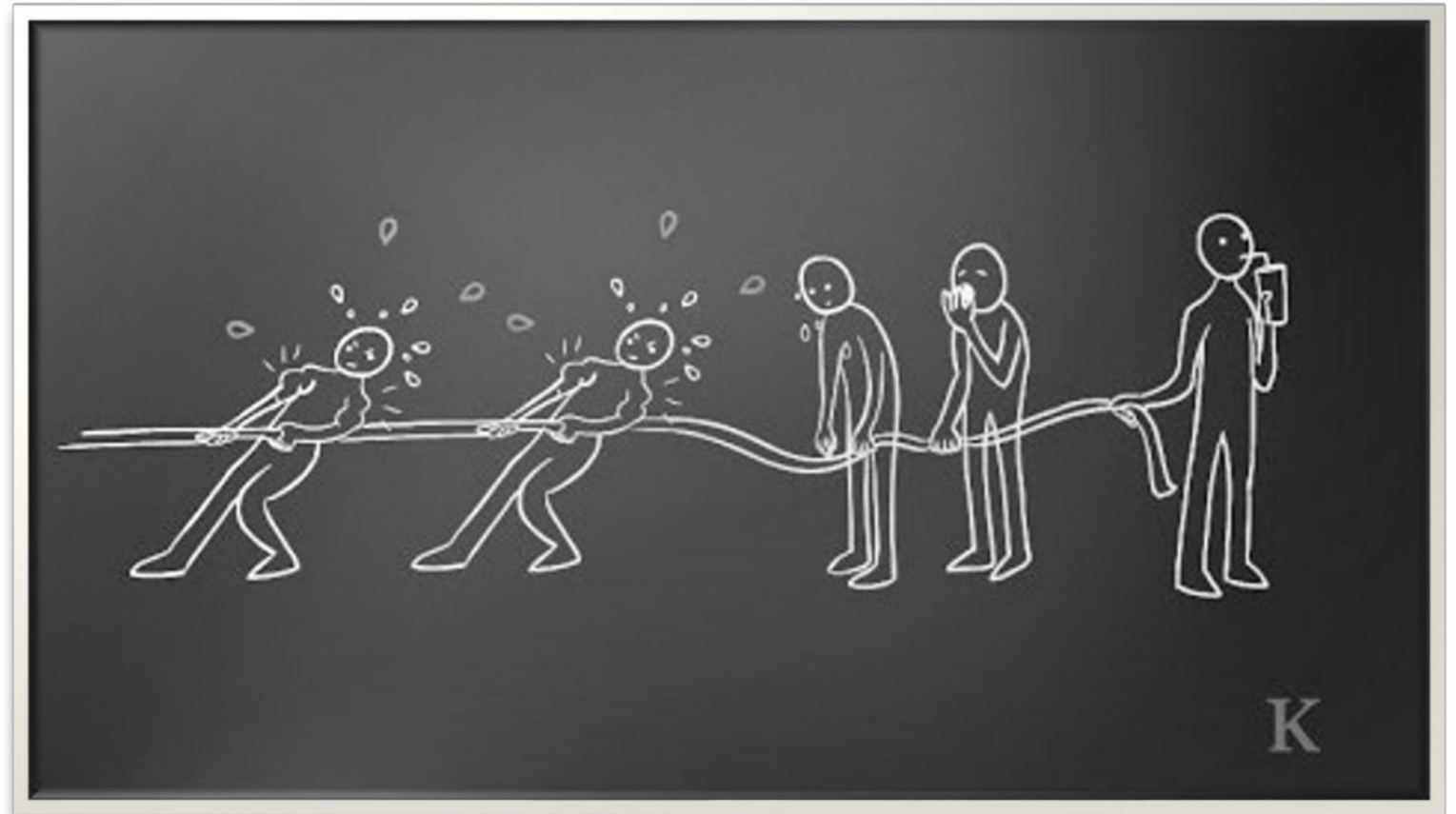
Ways to cultivate purpose

- Clear communication and understanding of an organization's objectives.
- Building ongoing relationships with beneficiaries of business activities.

Empowerment and purpose to motivate teams

Watch this video and:

1. State the four strategies suggested to keep employees motivated.
2. Which strategy is an example of empowerment?
3. Which strategy is an example of purpose?



Teamwork

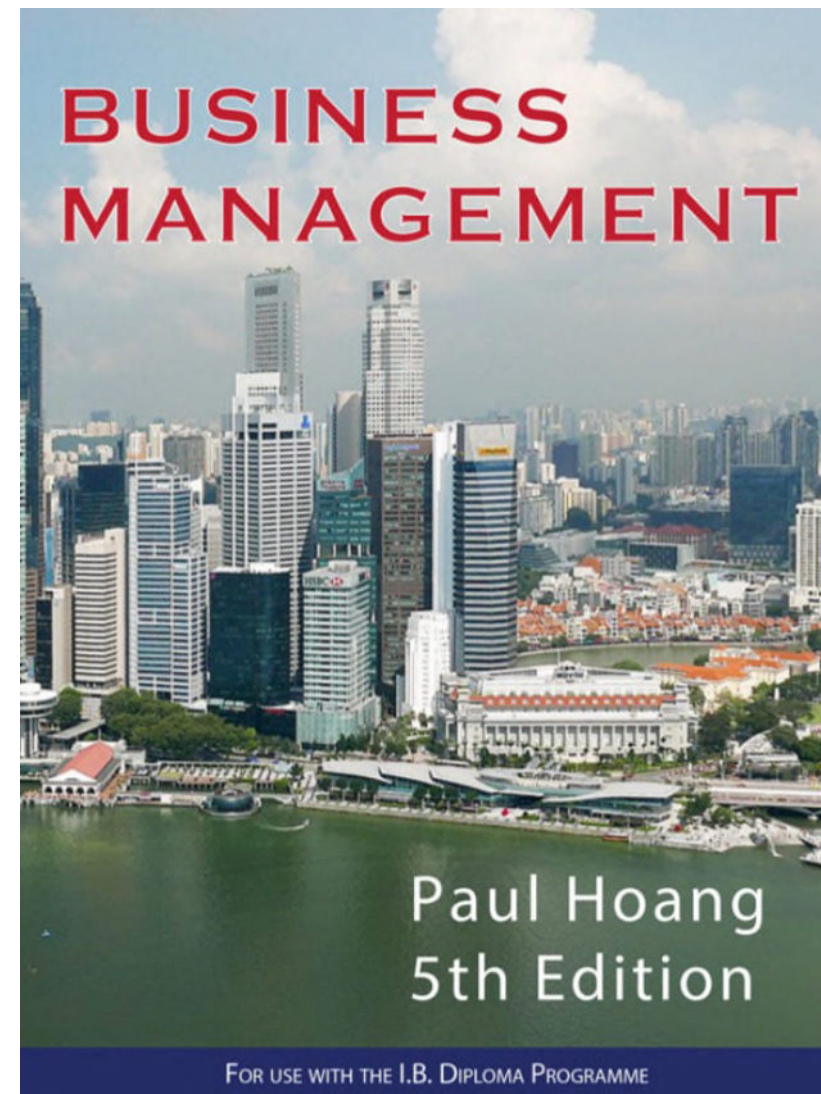
- Teamwork occurs when employees work with fellow colleagues.
- Examples include organizing employees into:
 - Department teams
 - Matrix organizational structures
 - Quality circles
 - Cellular manufacturing



Approaches to learning

- Hoang textbook
- Activity 10.4 *Social and communication skills*
 - Page 171

BUSINESS MANAGEMENT



The following types of training:

- Induction
- On the job
- Off the job



Training

- Training is the process of providing opportunities for workers to acquire employment-related skills and knowledge.





Induction training

- This is training that is aimed at introducing new employees to the organization.
- The purpose is to help new recruits settle in quickly so the they feel self-assured and supported in their new jobs.

 Benefits	 Drawbacks
Establishes clear expectations and working habits from the start	Time consuming to plan, delivery and oversee an induction program
Help new recruits understand corporate culture of the firm	Disruptive to trainers' own work
Settling in quickly means new recruits can contribute to the firm more promptly	Information overload is common and counterproductive for new staff
Morale boost from new staff feeling welcomed and confident in being competent in their new jobs	Induction programmes can be too long and tiresome for new employees eager to start working



On the job training

- This is training that is carried out whilst at the workplace.
- Examples of on-the-job training include induction training and mentoring

 Benefits	 Drawbacks
Relatively cheap	Trainees may pick up poor work practices
Relevant to the firm's needs	Internal trainers may lack up-to-date skills and experiences
Fewer disruptions to daily operations	Disruptive to trainers' own work
Establishes stronger relationships at work	Often piecemeal and incomplete
Convenient location	Productivity initially low as trainees learn new skills

Off the job training

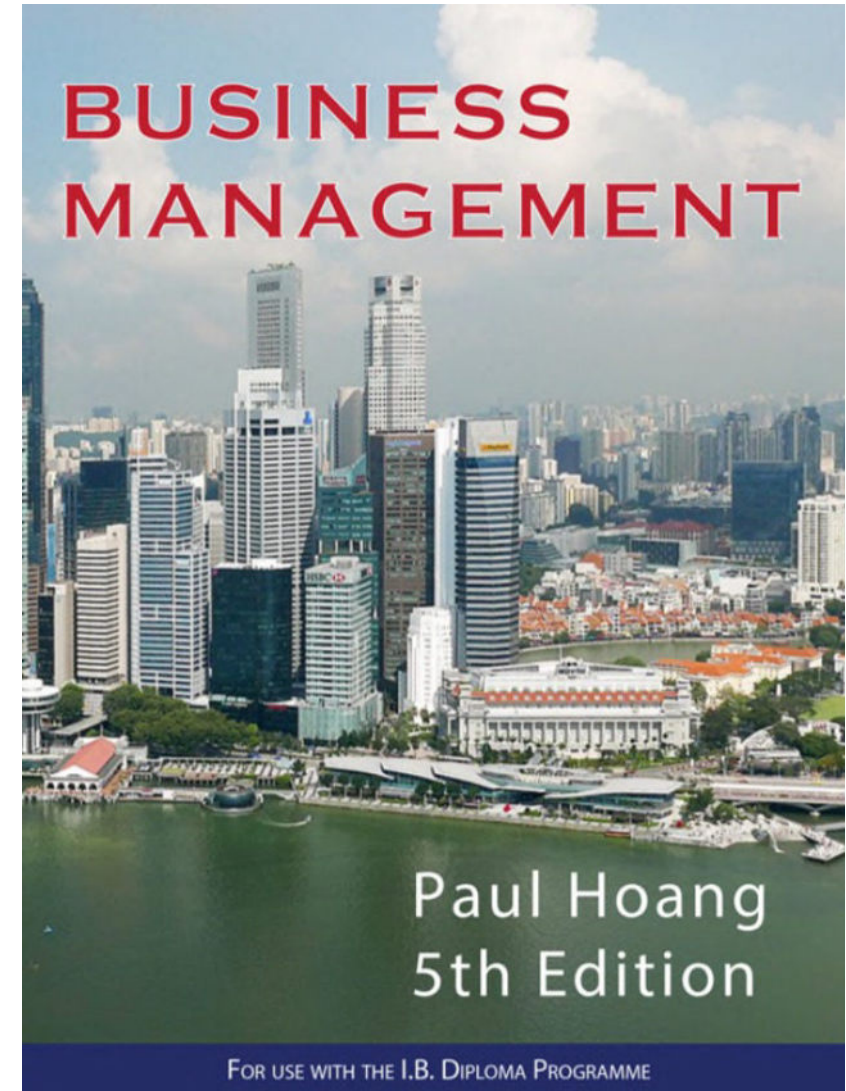
- This is training that is carried out off-site (e.g. at a tertiary college or hotel conference room).

 Benefits	 Drawbacks
Access to expert trainers	Potential loss of output as workers are away from workplace
A wider range of training can be provided (e.g. first aid).	Expensive to pay for trainers, training venue and potential hotel and travel expenses for employees
No distractions or disruptions from colleagues or customers	Not all skills and knowledge learned is relevant and/or transferred to the workplace
Business networking can take place	Finding time for staff to disseminate knowledge from training courses can be difficult

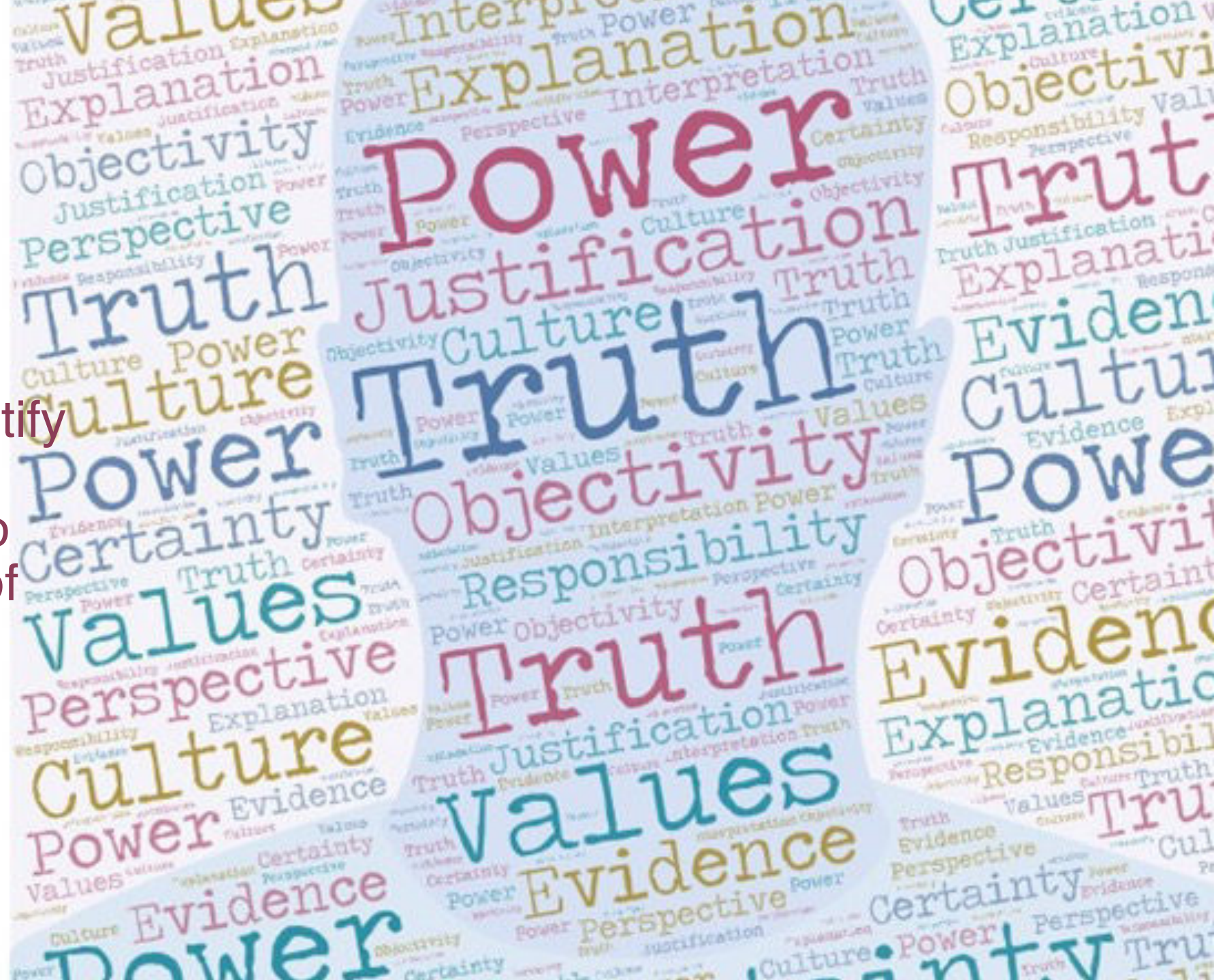
Over to you

- Hoang textbook
- Question 10.8 *Northern Ireland's hotel industry*
 - Page 176
- Answer all parts

BUSINESS MANAGEMENT



Is it possible to quantify motivation in the workplace in order to acquire knowledge of what motivates employees?

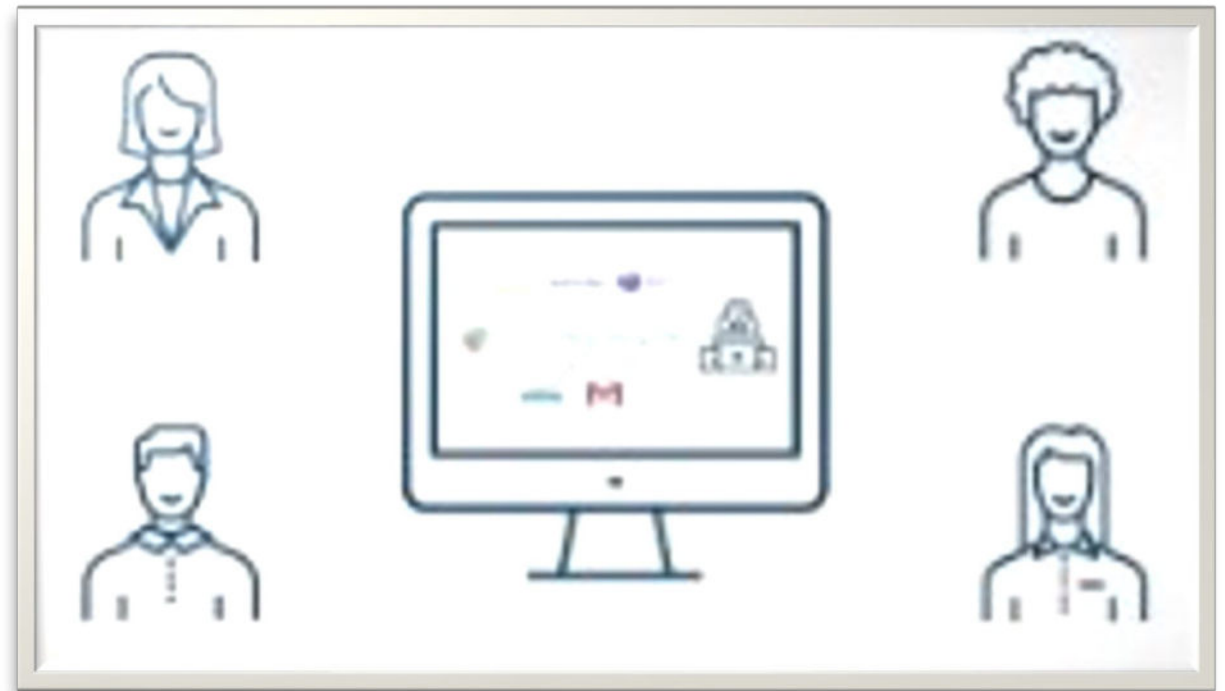







BM Toolkit: **Descriptive statistics and** ***Reward Gateway***

Reward Gateway is a provider of fringe benefits to firms looking to increase employee engagement (i.e. motivation).

- Explain how an employer would use descriptive statistics prepared by *Reward Gateway* to understand how to motivate their employees.
 - You may find it helpful to visit www.rewardgateway.com for further information.



Type of motivation		Definition	Example
Intrinsic		This is motivation to engage in work for its own sake. The activity is enjoyable as it is fun or challenging.	Employees stay late at work as they enjoy being at work. They are eager to learn and develop new skills in their jobs.
Extrinsic - reward		This is motivation to engage in work in anticipation of rewards.	An employee stays late at work. They have agreed to work overtime as they will be paid for additional hours worked beyond their contracted working hours.
Extrinsic - punishment		This is motivation to engage in work in order to avoid punishments.	An employee stays late at work. They work unpaid overtime to correct a mistake in order to avoid their line manager giving them a poor performance review.

Concepts in BM: change and sustainability

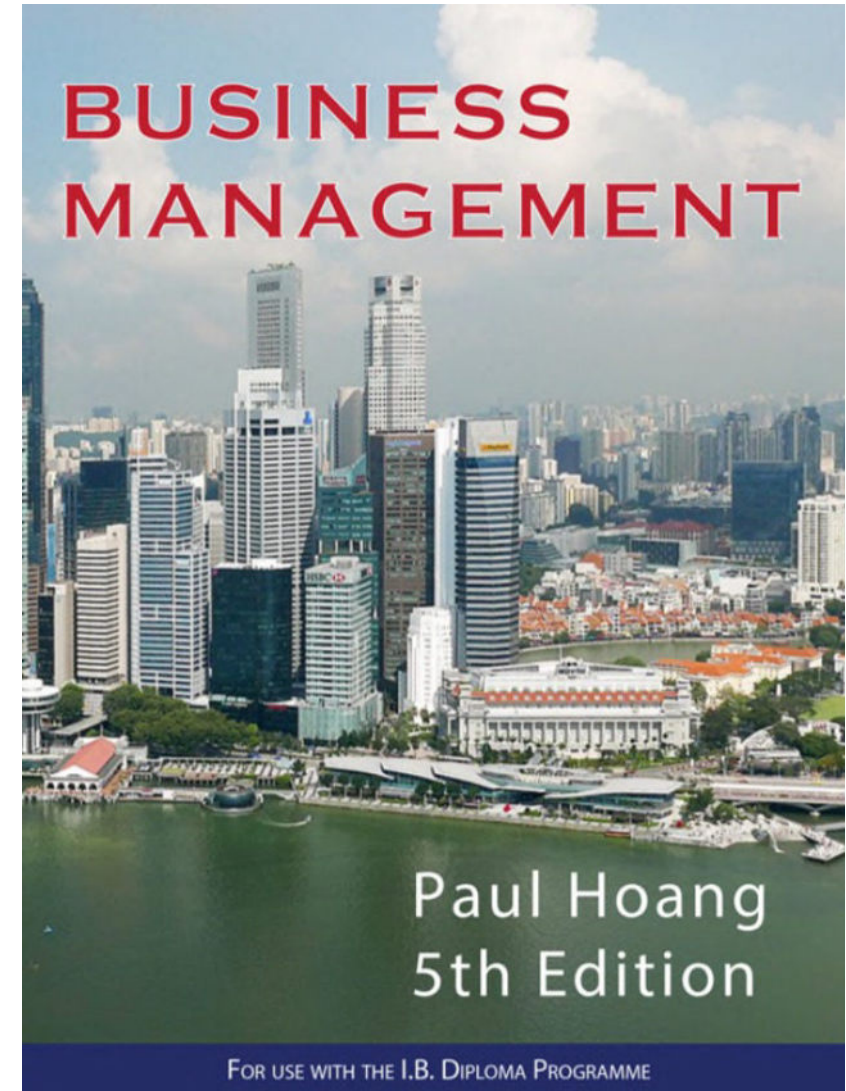


- Sustaining motivation is hugely challenging.
- A firm needs to be able to adapt to rapidly changing business environments in order to keep employees engaged and productive.
- There is no one-size-fits-all motivational strategy as individuals are motivated by different intrinsic and extrinsic factors.

Over to you

- Hoang textbook
- *Review Questions*
 - Questions 1 to 6 and 15 to 20.
 - Page 52

BUSINESS MANAGEMENT



Organizational culture (HL only)

Topic 2: Human resource management

Unit content

Content	Assessment objective
<u>Organizational culture</u>	AO1
<u>Types of organizational culture (e.g. Charles Handy's Gods of management)</u>	AO2
<u>Cultural clashes when organizations change, including but not limited to when organizations grow and merge and when leadership styles change</u>	AO3
Business Management Toolkit: <ul style="list-style-type: none">• <u>Hofstede's cultural dimensions</u>	
<u>Organizational culture and the business management concepts</u>	

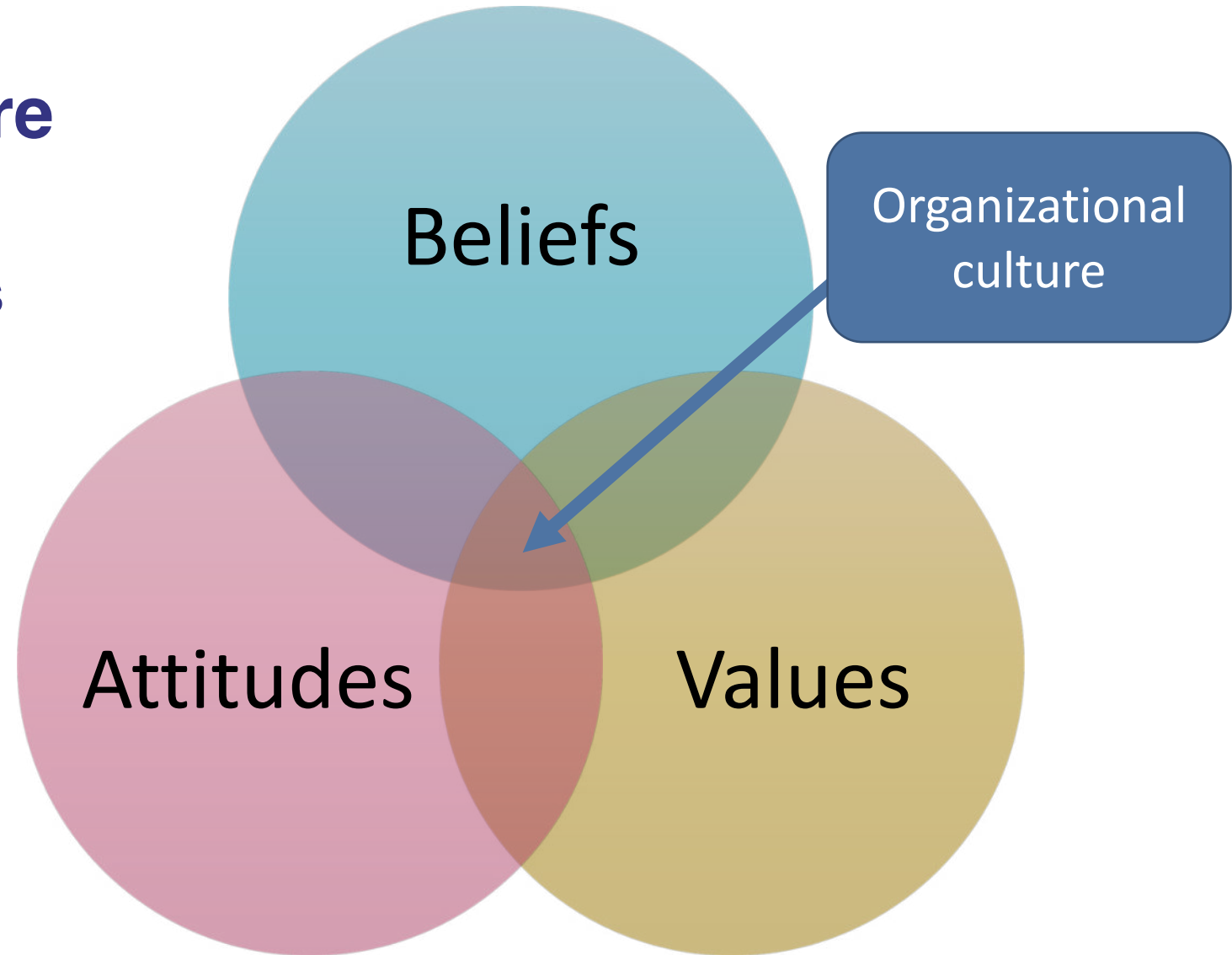
Organizational culture

Organizational culture



Components of organizational culture

- Organizational culture can be defined as what is considered 'normal' to a firm.
 - i.e. the character or personality of an organization.
- It is largely based on the following characteristics of managers and employees:



Benefits of a strong organizational culture



Creates a sense of belonging and security for staff



Promotes cohesion, so people do the right things



Reduces mistakes and misunderstandings

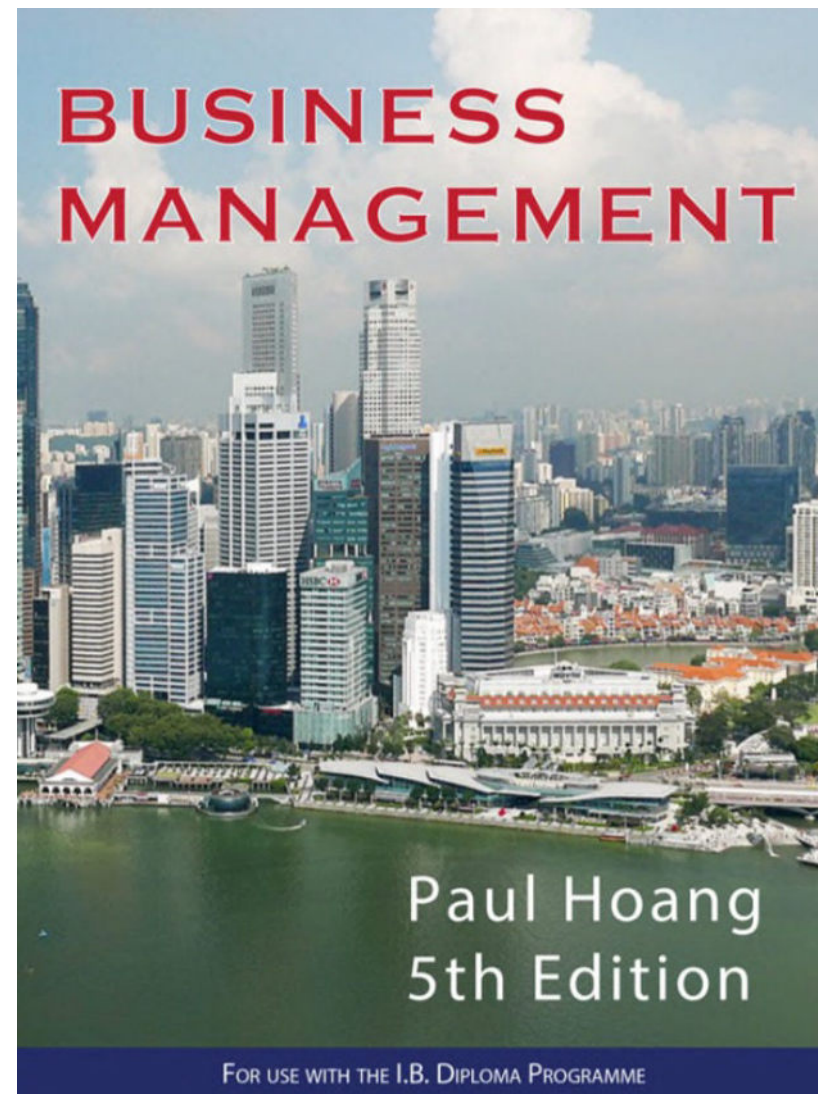


Minimizes problems when conflict occurs

Approaches to learning

- Hoang textbook
- Activity 11.1 *Thinking and communication skills*
- Page 182






BUSINESS MANAGEMENT



Types of organizational culture (e.g. Charles Handy's Gods of management)

Elements of corporate culture

- The acronym NORMS© can be used to remember the determinants of organizational culture.

N	O	R	M	S
Nature of the business	Organizational structure	Rewards	Management style	Sanctions
				

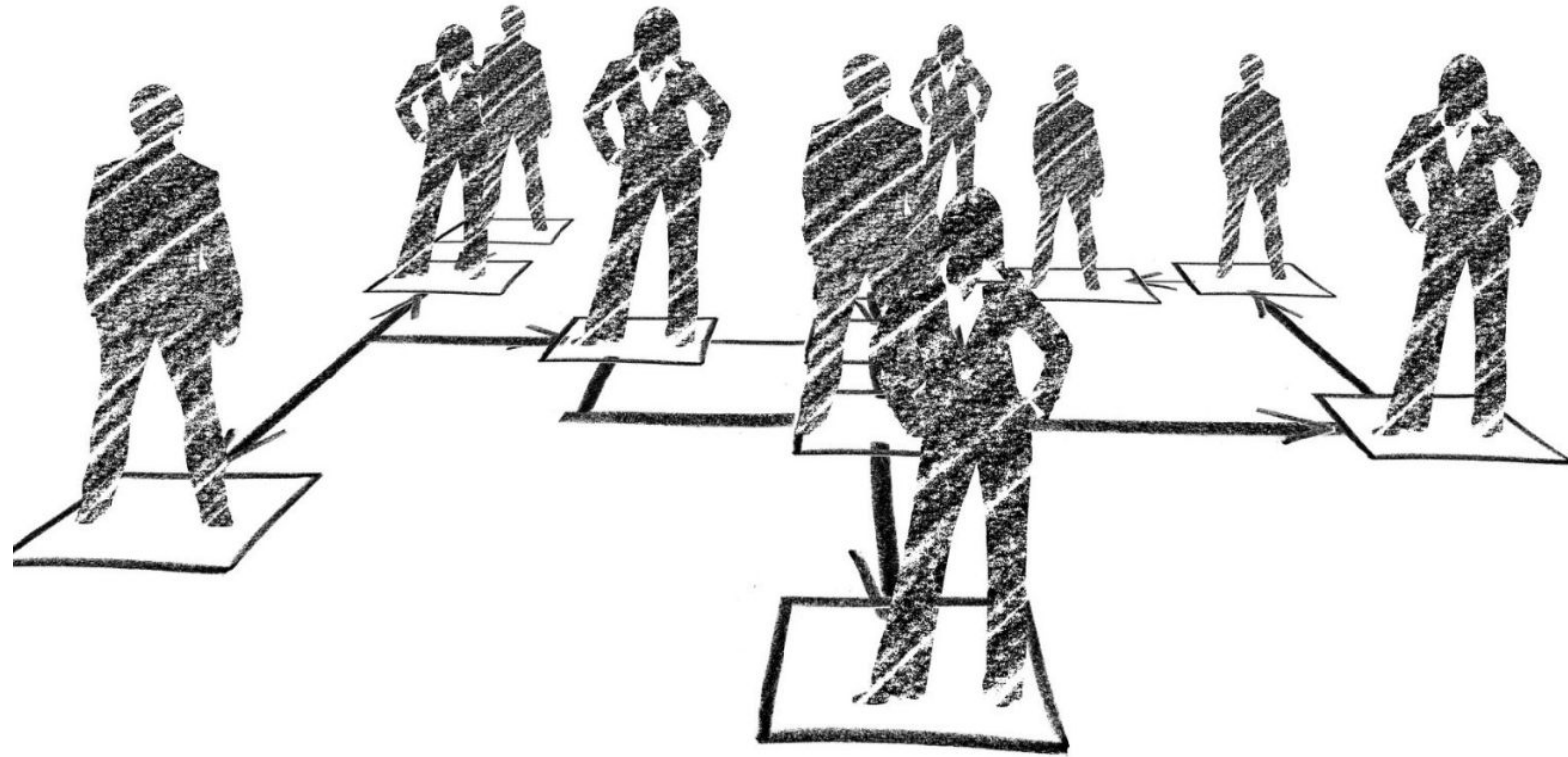
Nature of the business

- The mission, aims and objectives of a business will shape a its culture.
- e.g., NGOs will have a very different culture from profit-driven businesses.



Organizational structure

- Flat structures will encourage a collaborative culture.
- Tall structures will generally have a culture of working in small independent teams.



Rewards

- Appropriately remunerated employees are more likely to develop a strong and united culture.
- Turnover will be high if employees are not remunerated appropriately.
- This makes it difficult to build a sense of unity among staff as they have spent little time working together.



Management styles

- Decentralized firms will create a culture of independent problem solving.
- Centralized firms will create a culture of referring problems to management instead of employees driving solutions.
- Some firms closely monitor their employees, building a culture of mistrust and blame.



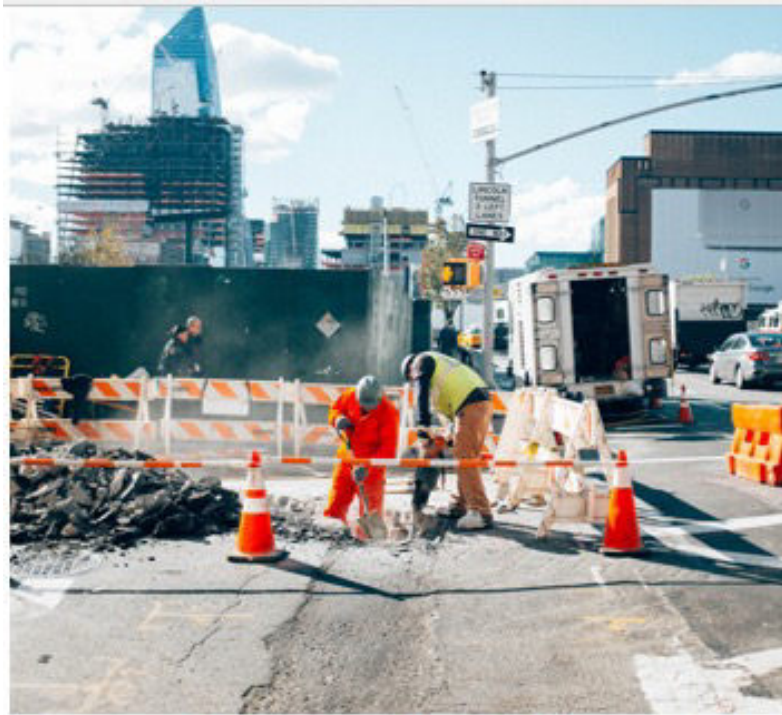
Sanctions

- A firm with rigid rules and harsh consequences can create a culture of resentment.
- However, one that has too few consequences can encourage staff to be slack (e.g. being late to work or frequent absenteeism).







Theories about corporate culture

- There is no single dominant type of organizational culture.
- Therefore, various types of organizational theories exist, most notably those suggested by Professor Charles Handy.



Charles Handy's Gods of management

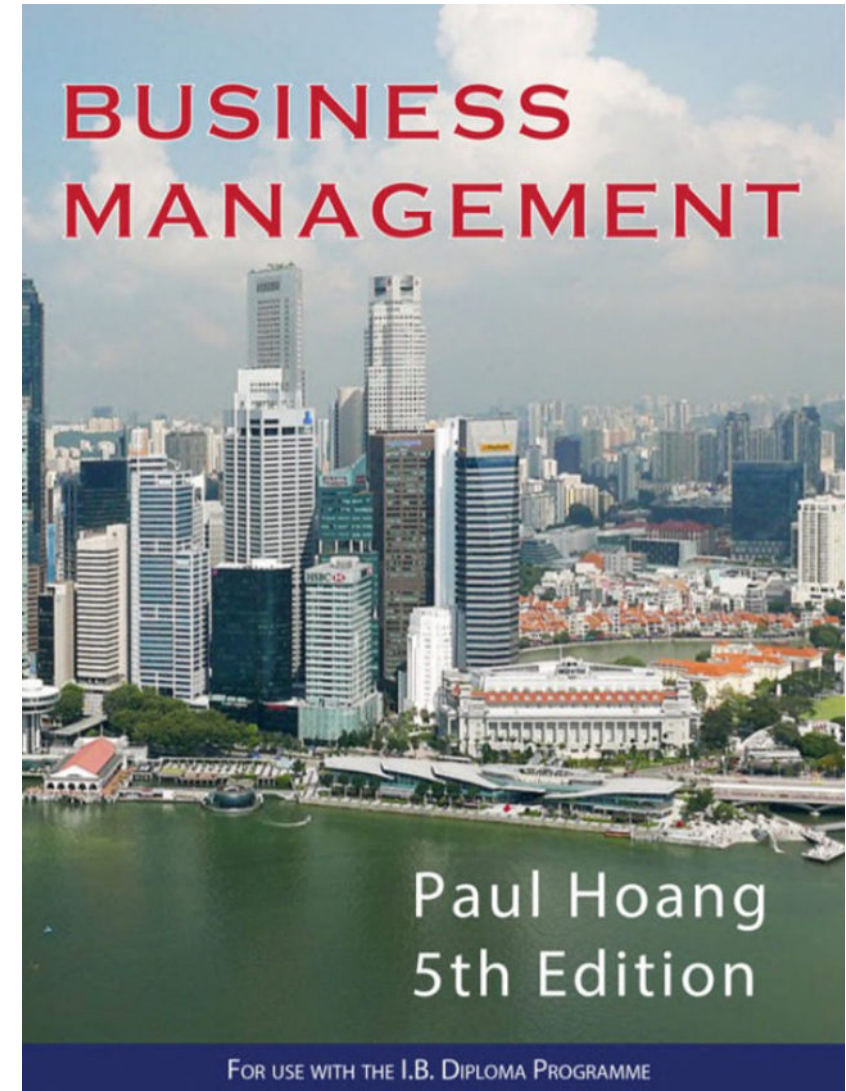
- Handy described four types of organizational culture:

Type of culture		Description
Zeus (Power)		<ul style="list-style-type: none"> • Power radiates from just a few individuals. • Few rules and little bureaucracy. • Flat structure with swift decision-making.
Apollo (Role)		<ul style="list-style-type: none"> • People have clearly delegated authority within a highly defined structure. • A tall, bureaucratic structure with slow decision-making.
Athena (Task)		<ul style="list-style-type: none"> • Emphasizes the achievement of goals. • Team-based organization with no single power source. • Employees are highly empowered.
Dionysian (Person)		<ul style="list-style-type: none"> • These cultures exist in firms where staff are in similar positions with similar expertise (e.g. accountants or doctors). • They only exist for the benefit of the individuals involved.

Over to you

- Hoang textbook
- Question 11.1 *Warwick Park School*
 - Page 184
- Answer all parts

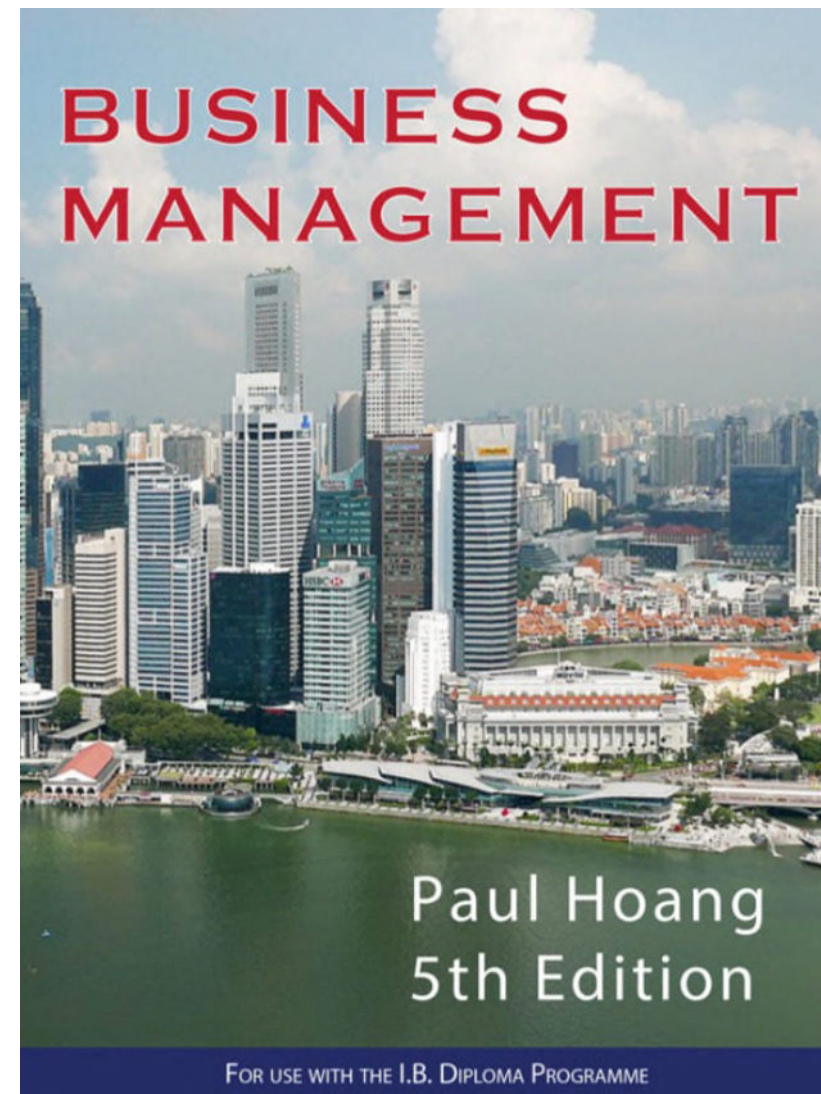
BUSINESS MANAGEMENT



Approaches to learning

- Hoang textbook
- Activity 11.2 *Thinking and social skills*
 - Page 183

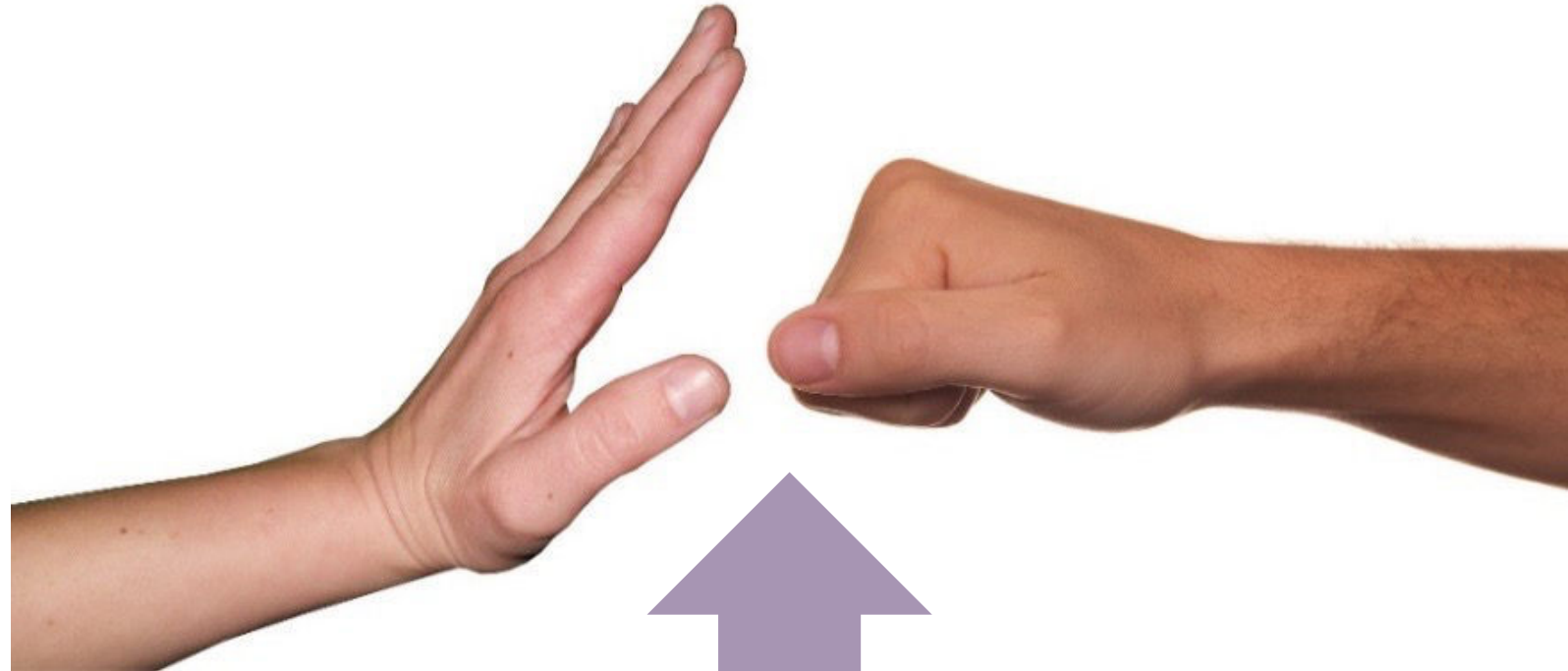
BUSINESS MANAGEMENT



**Cultural clashes when organizations change,
including but not limited to when
organizations grow and merge and when
leadership styles change**

Cultural clashes

- Culture clashes exist when there is conflict between two or more cultures within an organization.



Culture gaps

These are the differences between the desired culture of a business and the culture that actually exists.

Common causes of culture clashes

Growth of firms

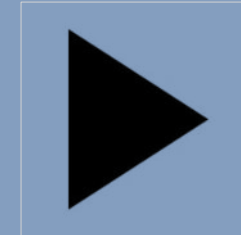
- Internal growth is likely to lead to a more formal, hierarchical organizational structure.
- This can lead to more bureaucracy and a power oriented culture.
- Culture clashes can also occur from growth into overseas markets.

Mergers and acquisitions

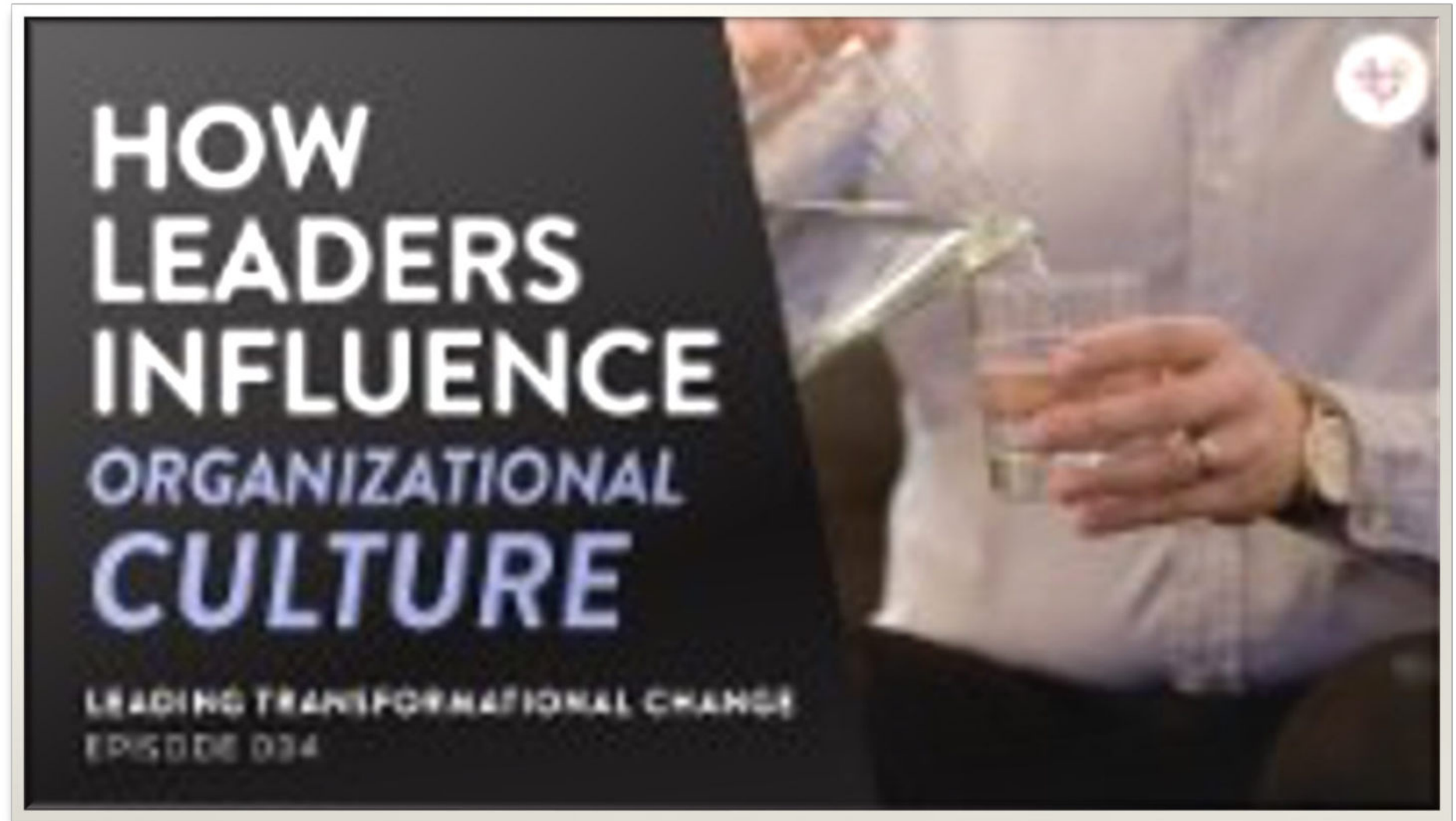
- The combining of two or more firms can cause culture clashes if there is a large cultural gap.
- The culture of the more dominant company tends to prevail OR
- A new hybrid culture develops.

Changes in leadership

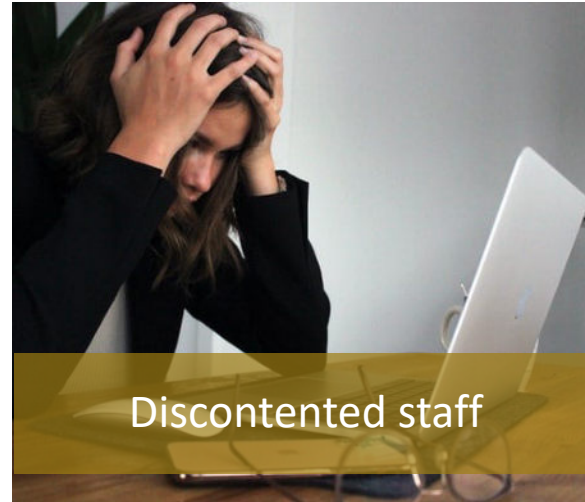
- Leaders have a huge influence on corporate culture.
- When leaders change, this will also change a organization's culture.



The impact of leadership on organizational culture



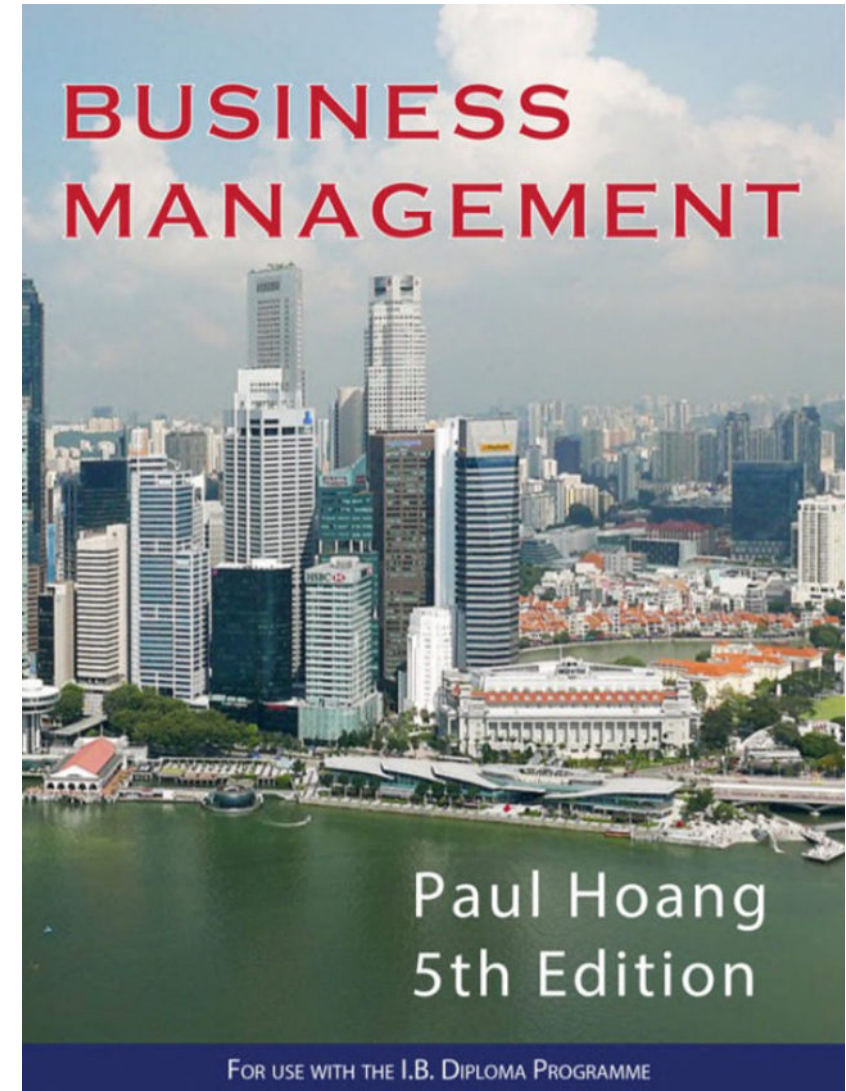
Consequences of cultural clashes



Over to you

- Hoang textbook
- Question 11.2 *Organizational culture at Lenovo*
 - Page 187
- Question 11.3 *The Body Shop*
 - Page 188
- Answer all parts

BUSINESS MANAGEMENT





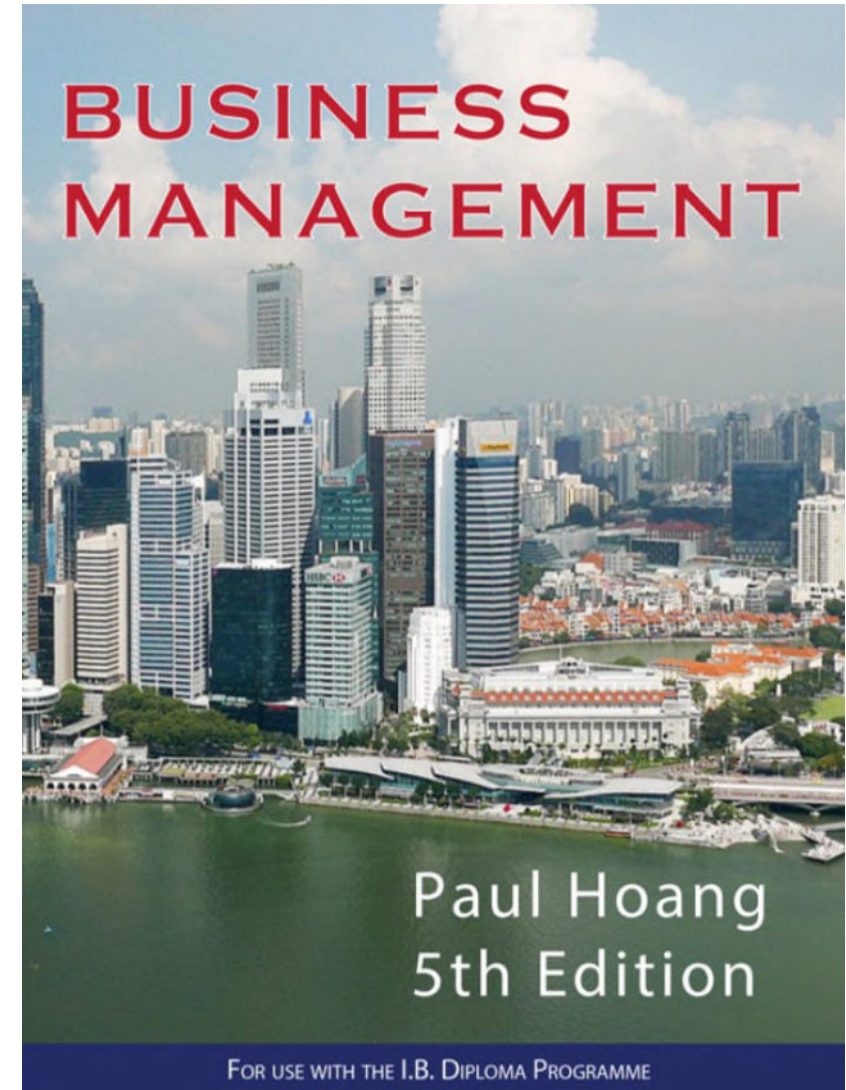
Concepts in BM: change

- Cultural intelligence (a.k.a. cultural quotient) is the ability of an individual to change and adapt to occupational, corporate and national cultures.
- This is important as it measures the ability of people to understand and adjust to unfamiliar situations.

Approaches to learning

- Hoang textbook
- Activity 11.3 *Thinking and communication skills*
- Page 189

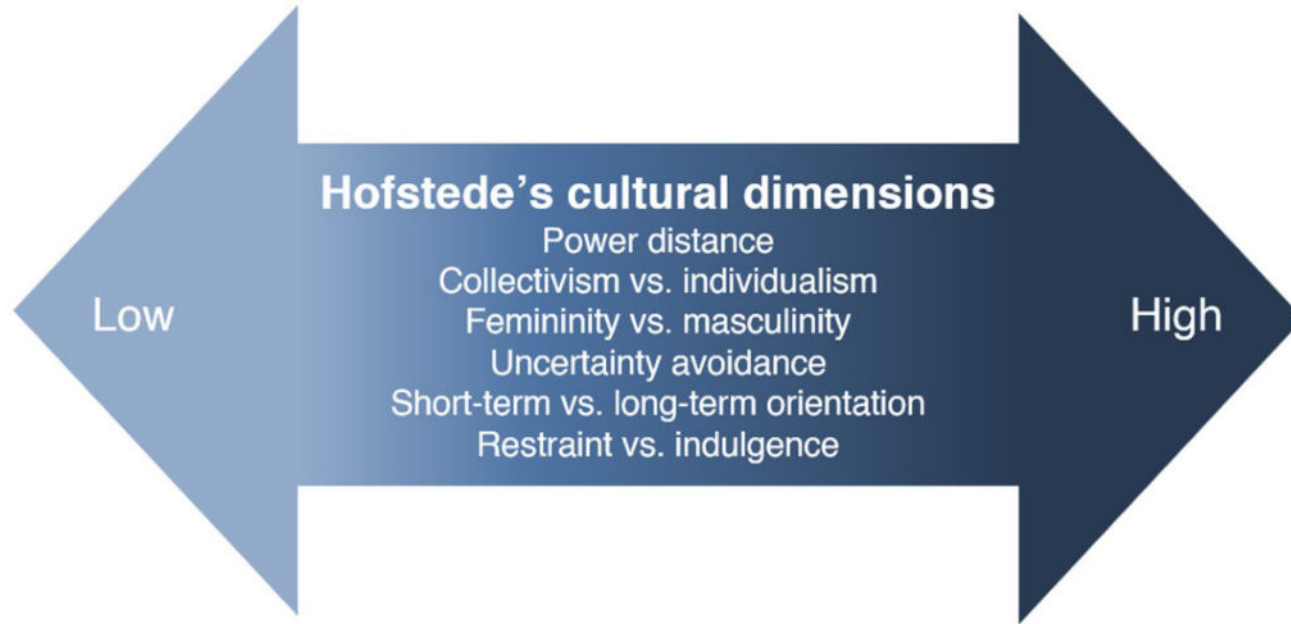
BUSINESS MANAGEMENT



BUSINESS MANAGEMENT

BM Toolkit:

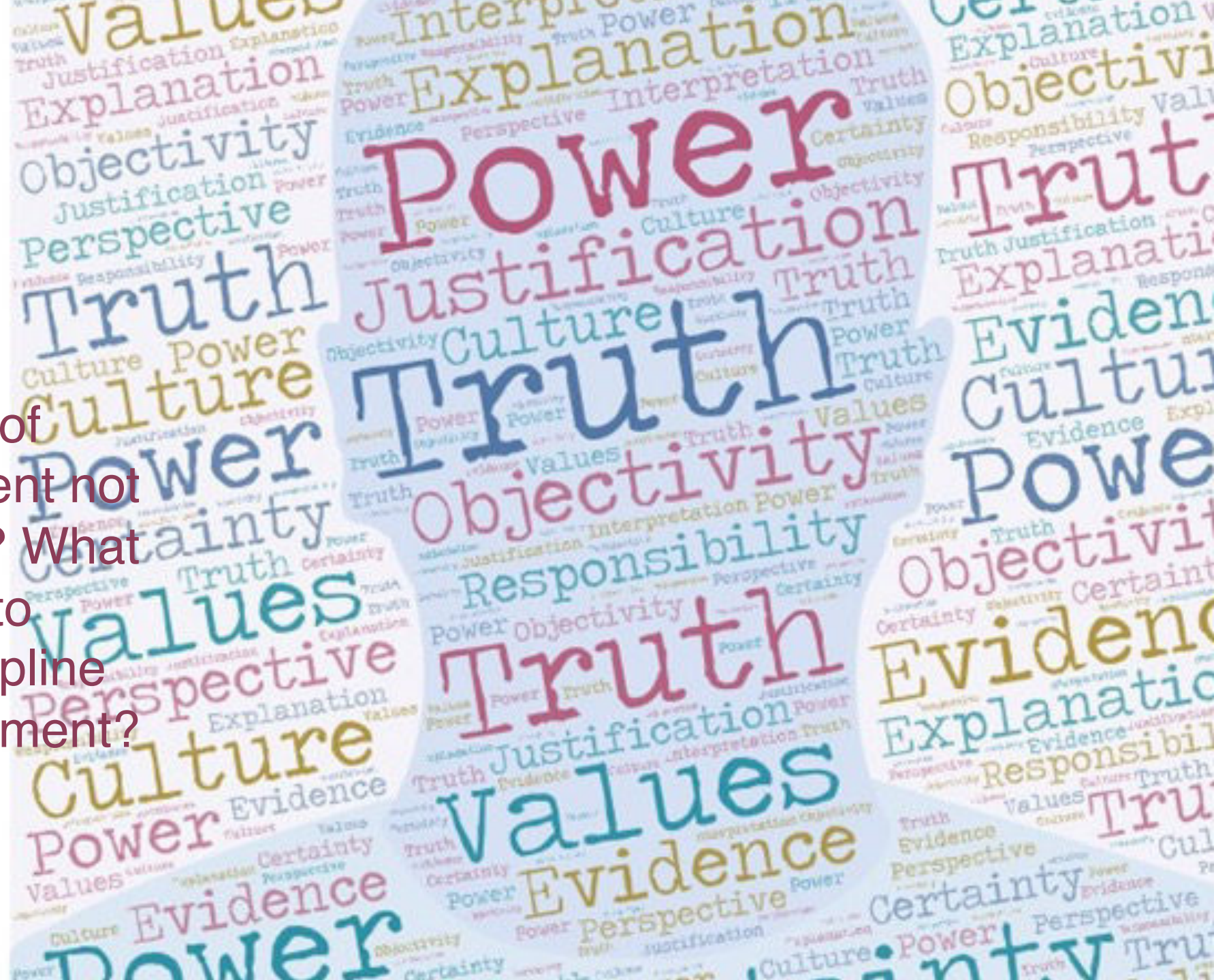
Hofstede's cultural dimensions and national cultures (HL only)



1. How do national cultures affect corporate cultures?
2. Is there a strong relationship between the two in your country?

Theory of knowledge

Are there any areas of Business Management not impacted by culture? What does this enable us to know about the discipline of Business Management?

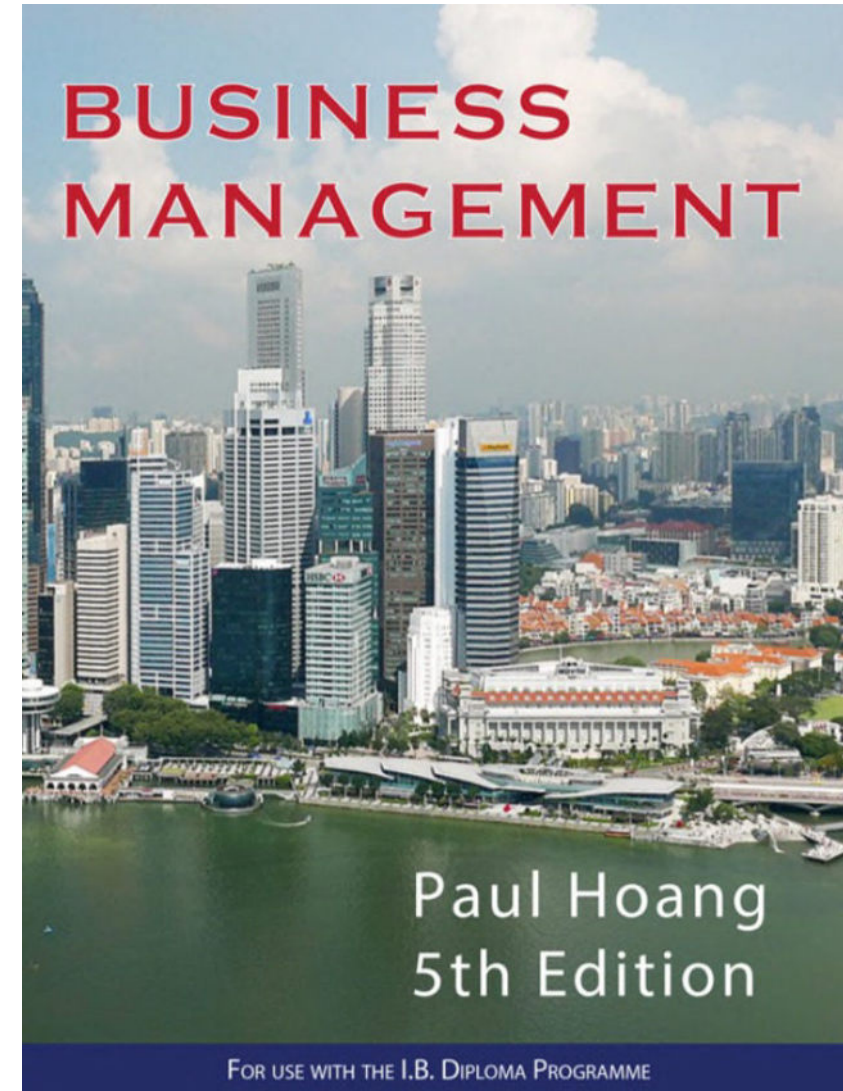




Over to you

- Hoang textbook
- *Review Questions*
 - Page 190

BUSINESS MANAGEMENT



2.6 Communication

Topic 2: Human resource management

Unit content

Content	Assessment objective
<u>Formal and informal methods of communication for an organization in a given situation</u>	AO3
<u>Barriers to communication</u>	AO2
Business Management Toolkit: <ul style="list-style-type: none">• <u>Business plans</u>	
<u>Communication and the business management concepts</u>	

Redundancies at *Better.com*

Watch the following video of how the CEO of *Better.com* communicated to 900 employees that they were to be made redundant and answer the following questions:

1. Why was the CEO's method of communicating the redundancies so controversial?
2. How could the CEO have improved the way he communicated information about the redundancies?



The purpose of communication

- Brainstorm as many reasons why a business needs/wants to communicate to its stakeholders.
- Write each reason down onto an individual sticky note.

The objectives of communication include to:

- Instruct
- Clarify
- Interpret
- Notify
- Warn
- Receive feedback
- Review
- Inform



Formal and informal methods of communication for an organization in a given situation

Communication

- Communication is the transfer of information from one party to another.
- Channels of communication refers to the method(s) through which communication takes place.



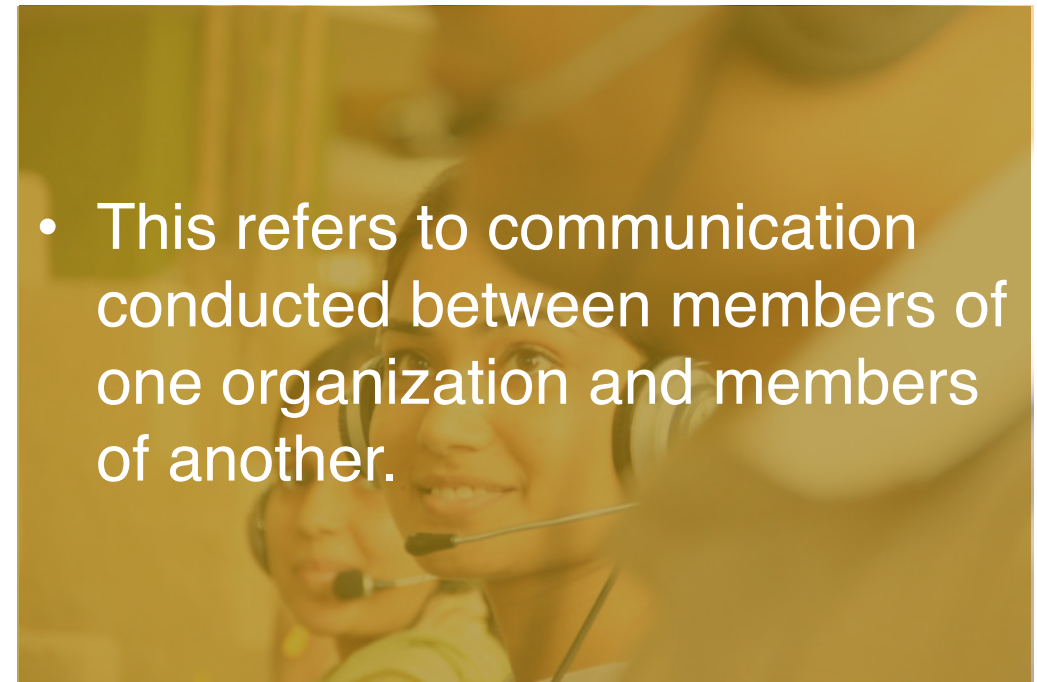
Internal versus external communication

Internal



- This refers to communication within the business organization.

External



- This refers to communication conducted between members of one organization and members of another.

Formal versus informal communication

Formal

- This refers to all official channels of communication.
- They are directly related to work matters.
- Formal communication can be done through open channels (available to all) or through restricted channels (for information of a confidential nature).

Informal

- This refers to all unofficial, natural and unstructured communication.
- They are free of organizational formalities.
- Informal groups tend to occur naturally because members share common interests, not because they are formally part of the organizations.

Categorize each of the below channels of communication (HINT! There may be more than one category for each one)

Communication	Formal	Informal	Internal	External
1. The marketing director emails the marketing department to announce employees have permission to work from home 3 days per week.	✓		✓	
2. A behind-the-scenes video of a factory is uploaded onto social media to showcase how the firm employs sustainable business practices.	✓			✓
3. Rumours are swirling about possible redundancies due to recent budget cuts.		✓	✓	
4. An employee informs their line manager that they are resigning from their position by letter.	✓		✓	
5. The finance department is passing around a birthday card to be signed for the finance director's surprise birthday party next week.		✓	✓	

Methods of communication

- Methods of communication for an organization include channels of communication that are:
 - Verbal
 - Written
 - Visual
 - Non-visual



Verbal communication

- This refers to communication via the use of spoken words.
- It allows for two-way communication between a sender and receiver.
- Feedback and clarification can be sought immediately.

List as many examples of verbal communication that would occur in the work place.

Examples of verbal communication include:

- Giving instructions or information via a public announcement
 - Formal business meetings
 - Job interviews
 - Job appraisals
 - Verbal presentations
- Conversations in formal and informal settings

Advantages and disadvantages of verbal communication



Advantages

- Low or zero cost.
- Detailed questions can be asked.
- Questions can be answered with little delay plus quick and spontaneous feedback.
- Interviews and presentations show an employee's communication abilities.
- Facial reactions, body language and tone of voice can be used to inform meaning and intent.



Disadvantages

- No permanent record of most oral communication for future reference.
- Information communicated may be incomplete, untruthful or open to misinterpretation.
- Confidential information may be difficult to communicate, especially if many people are involved.
- Meetings and interviews can be very time-consuming.

Written communication

- This refers to communication methods that use the written word.
- These provide a permanent record of documented messages for future reference.

List as many examples of written communication that would occur in the work place.

Examples of written communication include:

- Letters
- Memoranda
- Reports
- Notices
- Executive summaries
 - Abstracts
- Research proposals

Visual communication

- This refers to the use of visual stimuli to communicate information or ideas.
- They enhance communication because they:
 - Can be understood easily
 - Communicate ideas quicker than words
 - Often cheaper to produce than pages full of text
 - Cater for visual learners
 - May have longer lasting impact.

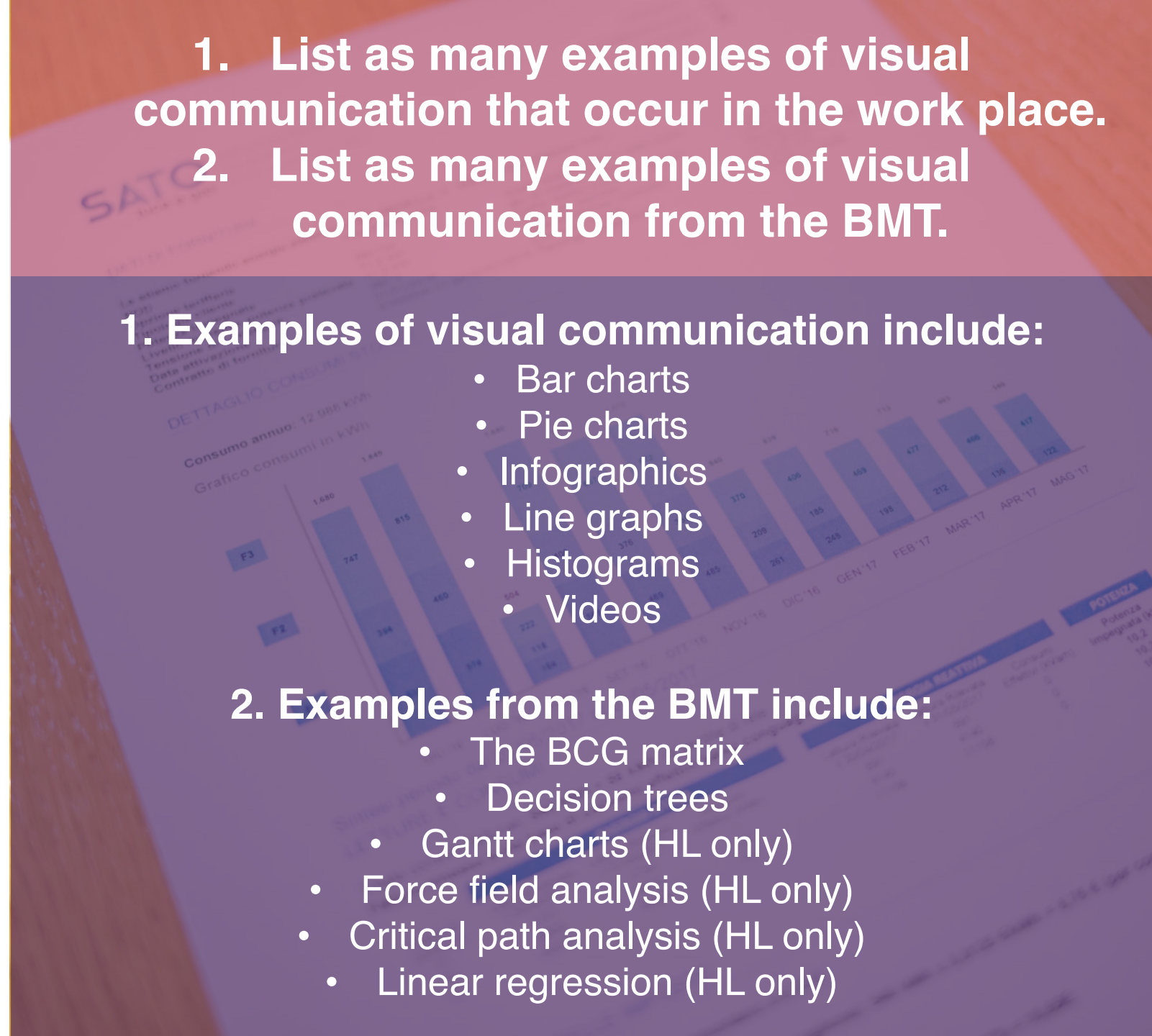
1. List as many examples of visual communication that occur in the work place.
2. List as many examples of visual communication from the BMT.

1. Examples of visual communication include:

- Bar charts
- Pie charts
- Infographics
- Line graphs
- Histograms
- Videos

2. Examples from the BMT include:

- The BCG matrix
- Decision trees
- Gantt charts (HL only)
- Force field analysis (HL only)
- Critical path analysis (HL only)
- Linear regression (HL only)



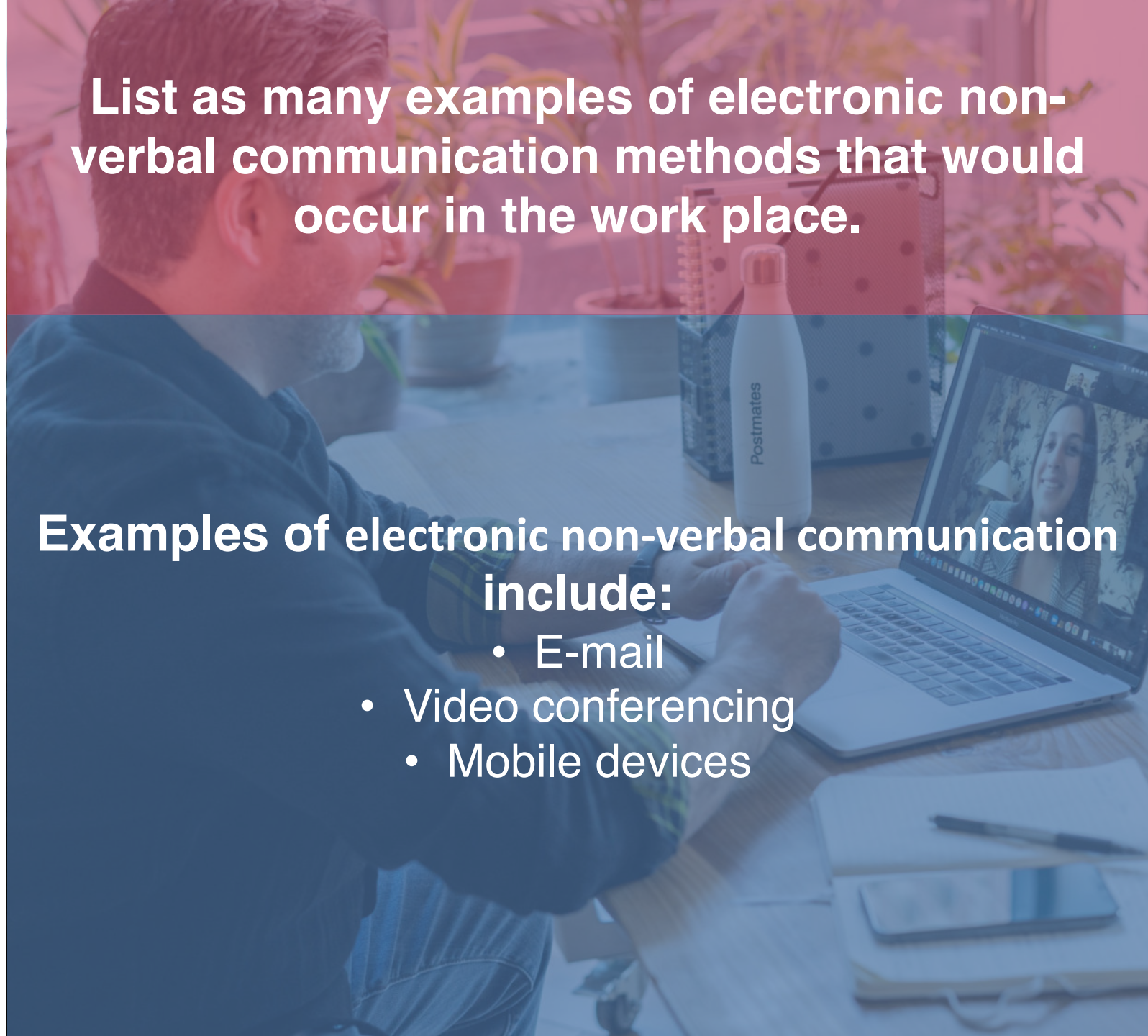
Non-verbal communication

- Except for oral communication, all forms of communication can come under the category of non-verbal communication.

List as many examples of electronic non-verbal communication methods that would occur in the work place.

Examples of electronic non-verbal communication include:

- E-mail
- Video conferencing
- Mobile devices



Advantages and disadvantages of electronic communication



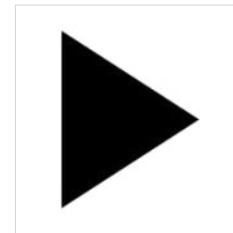
Advantages

- Increasingly important in a global business world.
- Faster and cheaper communication over long distances.



Disadvantages

- Need to purchase and maintain expensive computer hardware and software.
- Business comes to a standstill if technical problems or power outages occur.



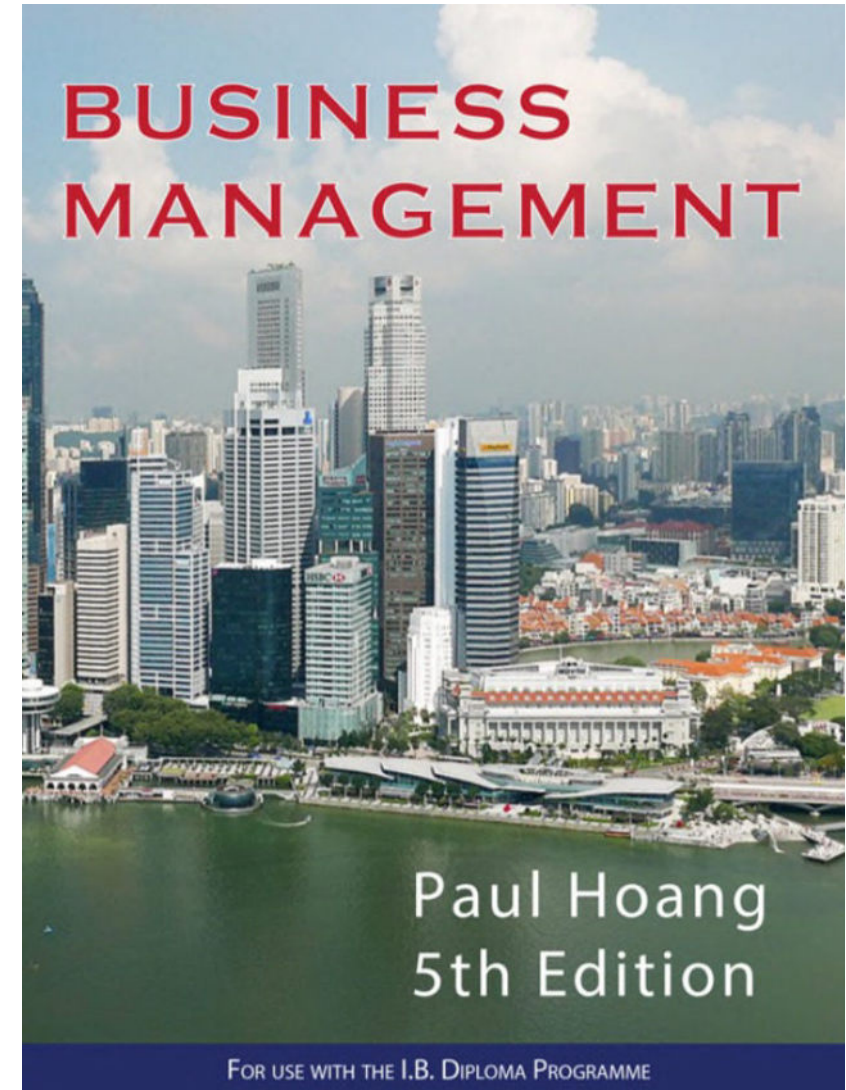
The impact of an internet outage on Canadian businesses



Over to you

- Hoang textbook
- Question 12.1 *E-mail usage at work*
 - Page 198
- Question 12.2 *The importance of non-verbal communication*
 - Page 199
- Answer all parts

BUSINESS MANAGEMENT



Selecting the best methods of communication

- Businesses will use a mix of communication methods to fit their requirements and situations.

Factors affecting the selection of communication methods:

- Personal preferences
- Organizational structures
- Security issues and concerns
- Skills and training of users
 - Ease of use
 - Size of business



Recommend a communication method for the following scenarios:

Scenario	Recommendation with explanation
1. A small coffee shop with four employees.	
2. An urgent message communicating to all employees in a large firm about an impending hurricane expected to disrupt travel to and from the office.	
3. A multinational corporation with offices in many countries that operate in different languages.	
4. A newly established hair salon wishing to announce its presence in a small town.	
5. A bank that prides itself on its ethics in addressing concerns for financial privacy of its customers.	
6. A large firm in multiple locations in one country with a tall organizational structure.	

Barriers to communication

Communication barriers

- This refers to anything that can limit or impede the effectiveness of communications.



Common causes of communication failure

High costs

- Not all firms may be able to afford good communication networks and to train all employees to become effective communicators.

Technological breakdowns

- Computer viruses, power outages and technological failures prevent communication.

Jargon

- Technical language used by professionals can cause problems with non-specialists.

Fear of technology

- Some people have a fear of using new communication technologies as they find them confusing and difficult to understand.

Internal politics

- This occurs when there is conflict in the organization, thus resulting in rumours and harmful gossip.

Geographical location and distance

- Remote areas may have limited communications access.

Common causes of communication failure (continued)

Poor presentation skills

- Listeners lose interest or are confused by untrained or inexperienced presenters.

Poor or negative body language

- Listeners are distracted by such body language rather than listening intently to the speaker.

Inaccurately transmitted gossip

- This is common in tall organizations where communication is transmitted through many layers in the hierarchy.

Physiological barriers

- Physical and biological factors such as hearing or sight impediments can hinder the effectiveness of communication.

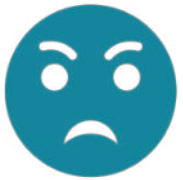
Cultural ignorance

- A lack of cultural awareness can cause offense to others.

Language proficiency

- Lack of fluency in official business language or native languages prevent effective communications.

Consequences of poor communication



Low
employee
morale



Costly
errors and
mistakes



Loss of
competitive-
ness due to
lower
productivity

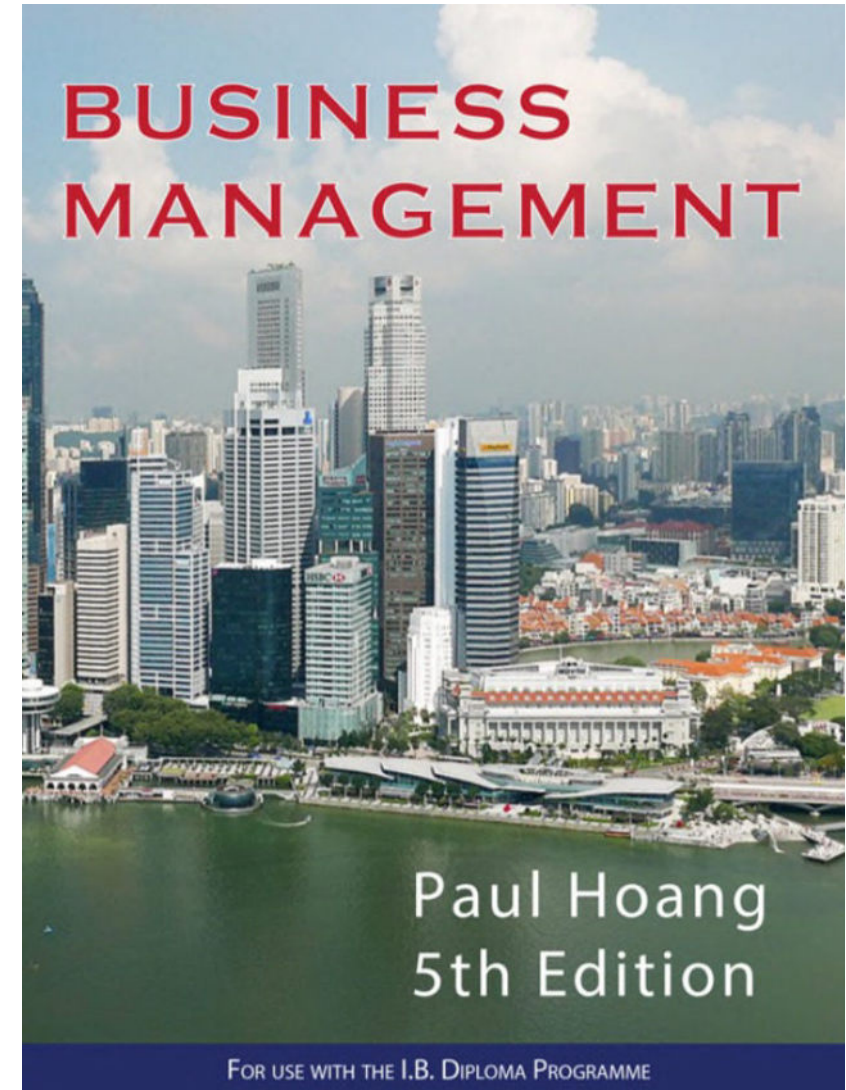


Lack of
coordination
and control

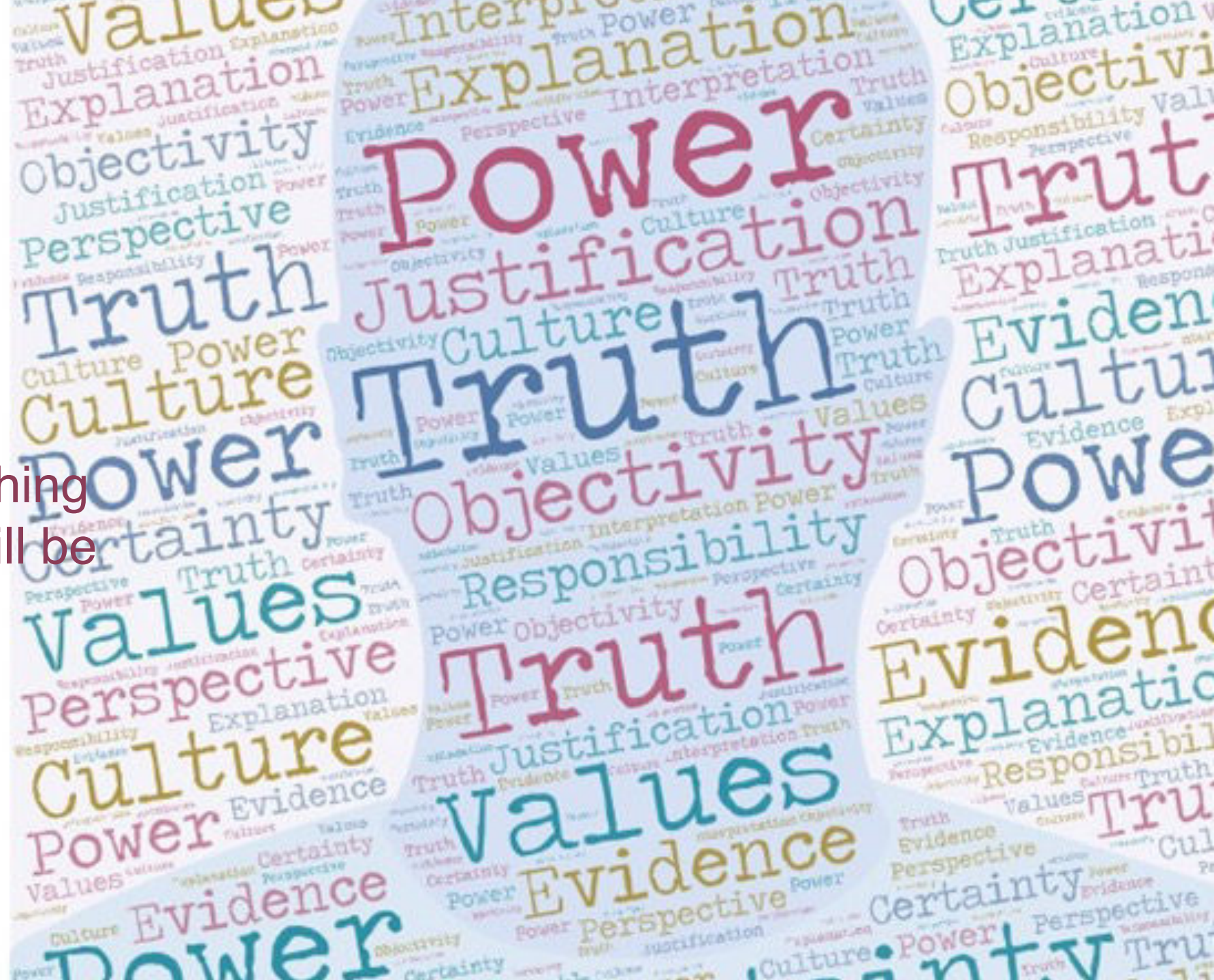
Over to you

- Hoang textbook
- Question 12.3 *The Global Office*
 - Page 202
- Question 12.4 *OCR's examination paper blunder*
 - Page 202
- Answer all parts

BUSINESS MANAGEMENT



If a manager cannot communicate something to others, can this still be considered as understanding and knowledge?



BM Toolkit: Business plans

Examine how elements of a business plan can be used to communicate the aspirations of an organization.





Concepts in BM: change and sustainability

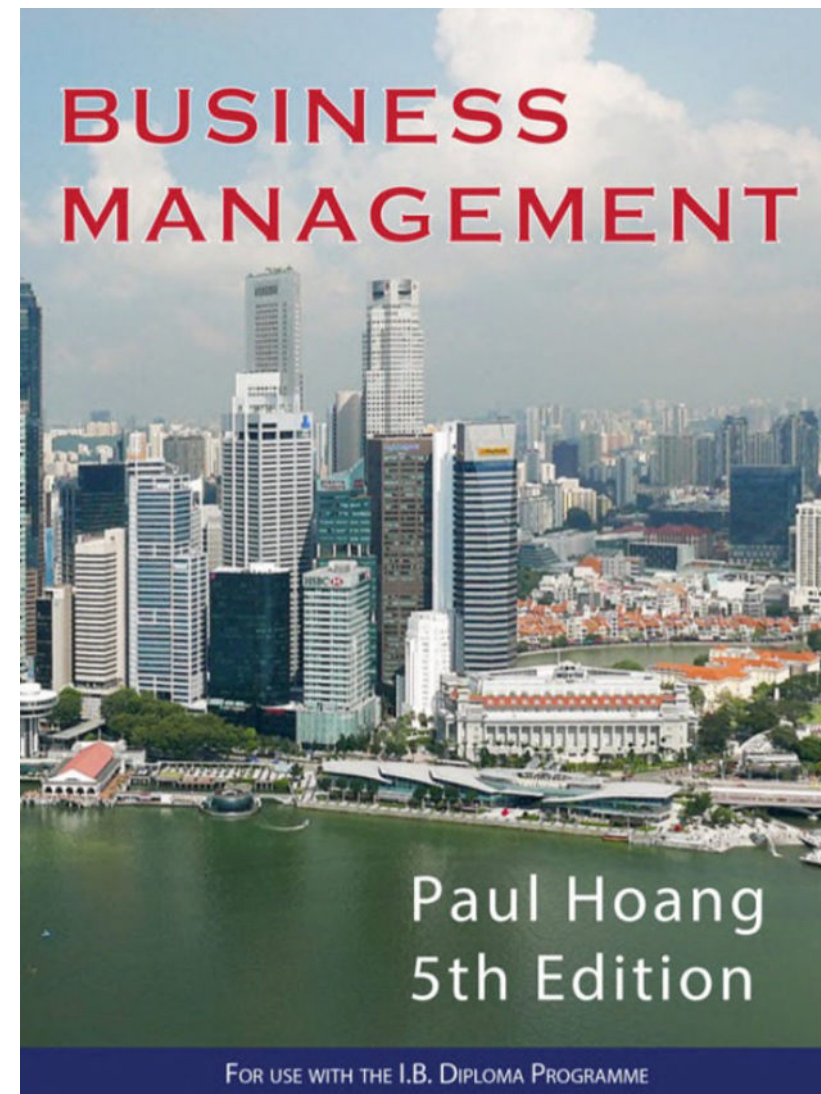
Benefits of improved communication systems	Limitations of improved communication systems
Improved speed, access and accuracy of communication.	Cost (financial and time) in integrating new systems.
Improved motivation and productivity.	Potential threats to security with data breaches and leaks.
Greater potential to reach a wider audience and target markets.	The need for an effective change in a management plan.

- Effective communication is essential to any sustainable business strategy.
- It is particularly important in times of change, in order to reduce resistance to change.
- Introducing new and improved changes to communication systems have their benefits and limitations.

Approaches to learning

- Hoang textbook
- Activity 3.3 *Research skills*
 - Page 12.1

BUSINESS MANAGEMENT

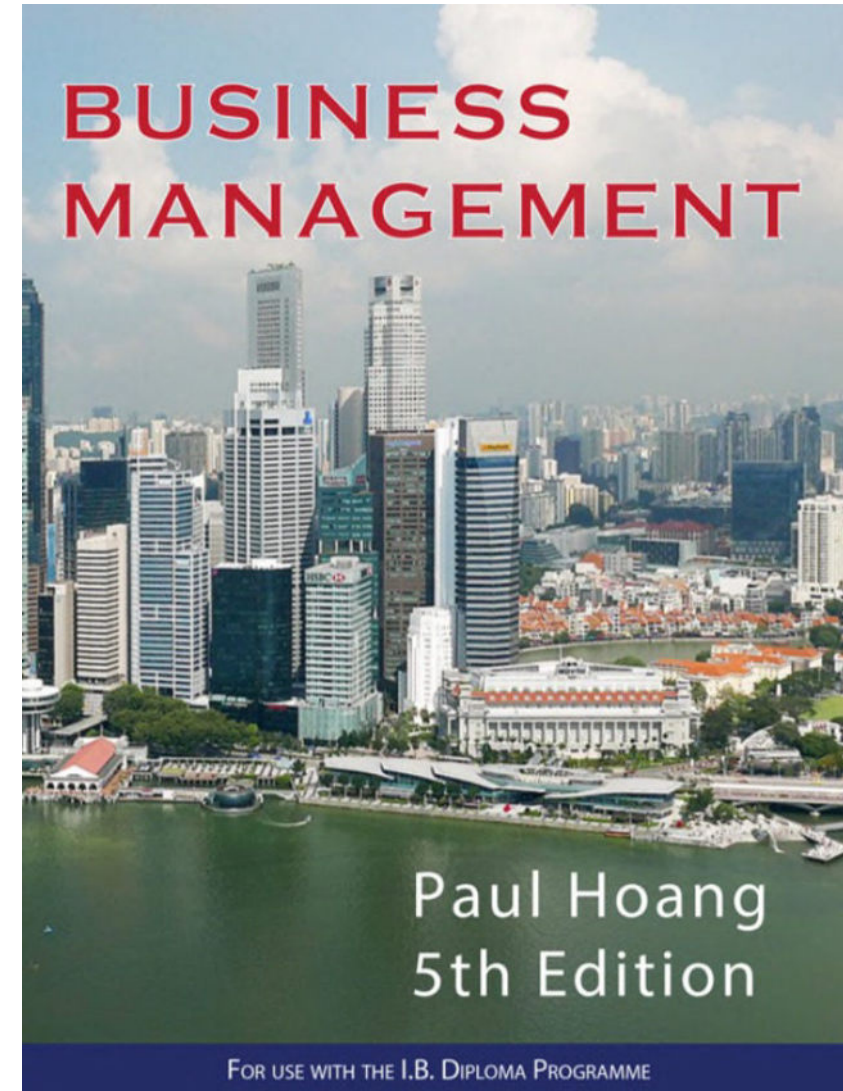




Over to you

- Hoang textbook
- *Review Questions*
 - Page 204

BUSINESS MANAGEMENT



2.7 Industrial/employee relations (HL only)

Topic 2: Human resource management

Unit content

Content	Assessment objective
<u>Sources of conflict in the workplace</u>	AO2
<u>Approaches to conflict in the workplace by:</u> <ul style="list-style-type: none"> • Employees – <u>collective bargaining</u>, <u>work-to-rule</u> and <u>strike action</u> • Employers – <u>collective bargaining</u>, <u>threats of redundancies</u>, <u>changes of contract</u>, <u>lockouts</u> and <u>closure</u> 	AO3
<u>The following approaches to conflict resolution:</u> <ul style="list-style-type: none"> • <u>Conciliation and arbitration</u> • <u>Employee participation and industrial democracy</u> • <u>No-strike agreement</u> • <u>Single-union agreements</u> 	AO3
Business Management Toolkit: <ul style="list-style-type: none"> • <u>Contribution and force field analysis</u> 	
<u>Industrial/employee relations and the business management concepts</u>	

McStrike: Unhappy workers walk out

1. What objectives are the striking employees hoping to achieve?
2. Is McDonalds likely to attempt to meet the demands of the striking employees?
3. Other than strike action, what other actions can employees take to reach their objectives?



Sources of conflict in the workplace

Sources of conflict

- Conflict refers to a situation of friction or mutually exclusive goals between two or more parties.

A black silhouette of a woman's head in profile, facing left. It is used as a background for the text on the left side of the slide.

Sources of conflict include differing:

- Needs and wants
 - Perceptions
 - Values
 - Power
 - Feelings and emotions

A black silhouette of a man's head in profile, facing right. It is used as a background for the text on the right side of the slide.

Consequences of unresolved conflict:

- Hindered productivity
 - Reduced morale
- Inappropriate conduct
- Fuel internal politics
- Reduced collaboration between teams

Approaches to conflict in the workplace by:

- Employees:
 - Collective bargaining
 - Work-to-rule
 - Strike action
- Employers:
 - Collective bargaining
 - Threats of redundancies
 - Changes of contract
 - Lockouts
 - Closure

Industrial conflict

- Industrial conflicts arise between employers and employees when they have strong differences of opinion about issues at work.
- Employers and employees must negotiate to come to a mutually beneficial solution in order to resolve conflict.



Representatives in industrial conflict negotiations

Employers

- Employers are represented by senior management teams or employers' associations.



The *South Australian Hotels Association* is an employers' association for pubs*. This video explains how this association was formed to represent pub owners and their bargaining power as major employers of SA workers.

**Pubs in Australia are commonly known as hotels.*

Representatives in industrial conflict negotiations

Employees

- Employees are represented by trade unions.



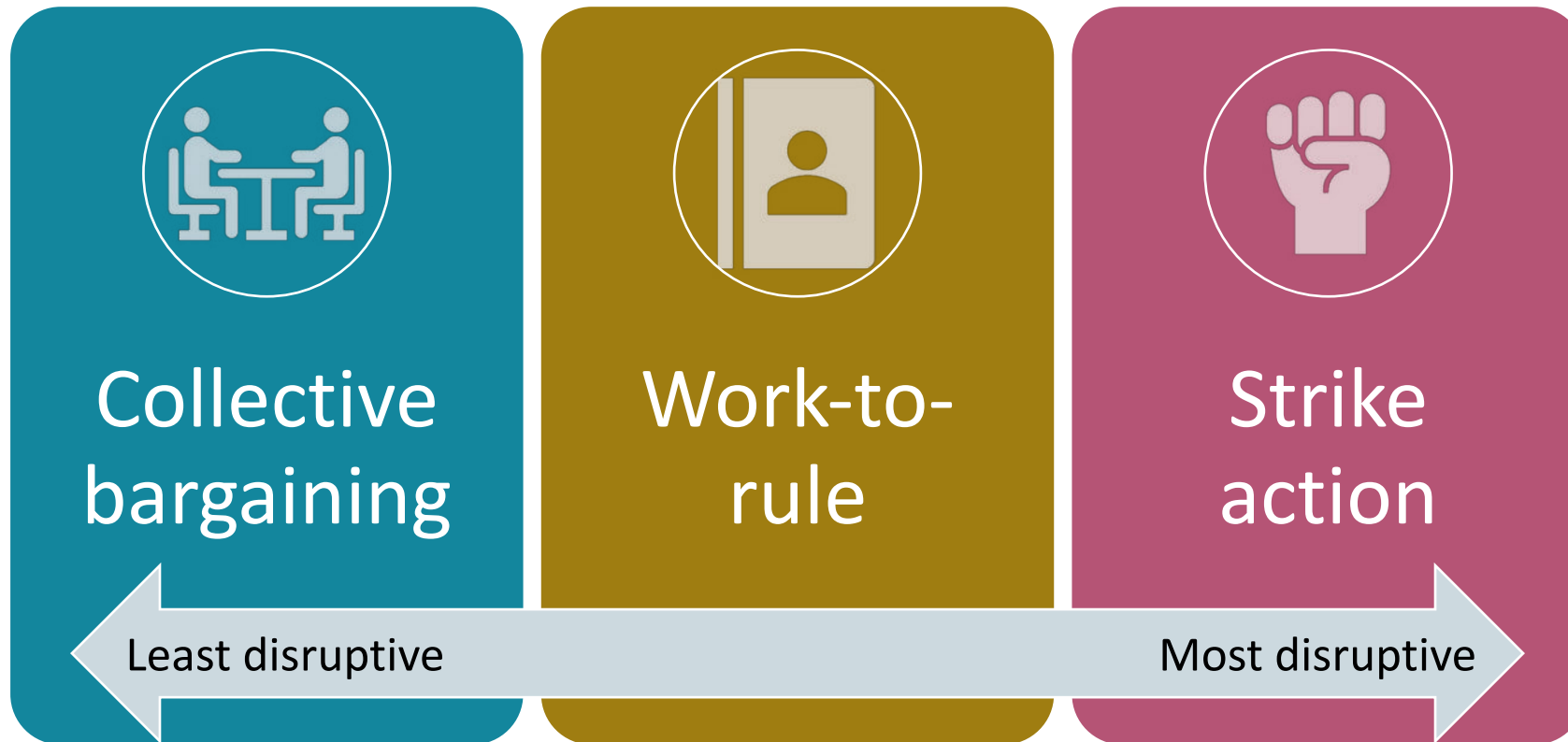
Employee objectives

- Workers can have a mix of objectives that they hope to achieve such as:
 - Increased pay/prevent pay cuts
 - More paid holidays
 - Better fringe benefits
 - Improved working hours and rest breaks
 - Training and development opportunities
 - Better staff facilities such as child-care and canteen services.



Methods to achieve employee objectives

- Employees and trade unions use the following methods to help achieve employee objectives:



Collective bargaining

- Trade unions represent employees in negotiating with employers.
- A workforce united behind a trade union representative has a stronger bargaining position than individual employees.



Work-to-rule

- This occurs when employees adhere precisely to all rules and regulations set by the employer.
 - Any goodwill (e.g. replying to emails during breaks and staying beyond finishing time to complete some unfinished tasks) is withdrawn.
- The aim is to delay production and to reduce productivity.



Strike action

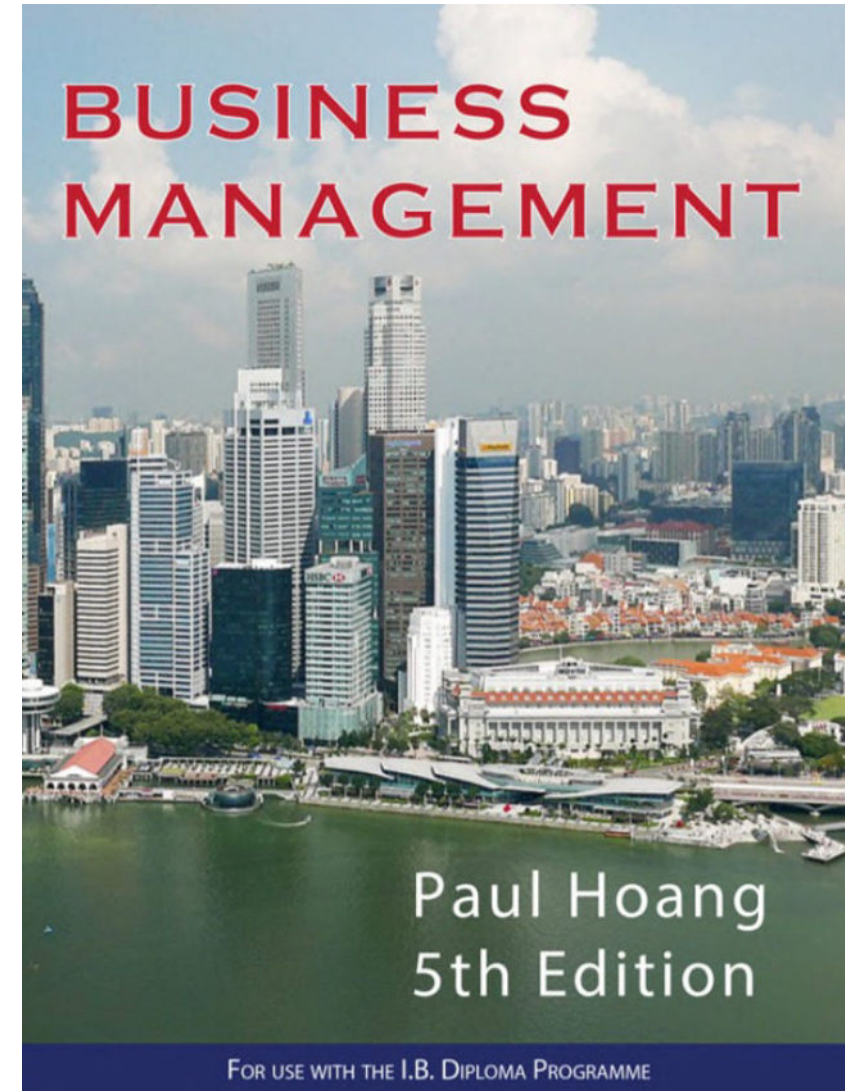
- This is the collective refusal by employees to work.
- This is a highly disruptive method of industrial action used when there are widespread disputes/grievances amongst the workforce.



Over to you

- Hoang textbook
- Question 13.1 *Deutsche Telekom*
 - Page 212
- Question 13.2 *Indonesia's national strike action*
 - Page 212
- Answer all parts

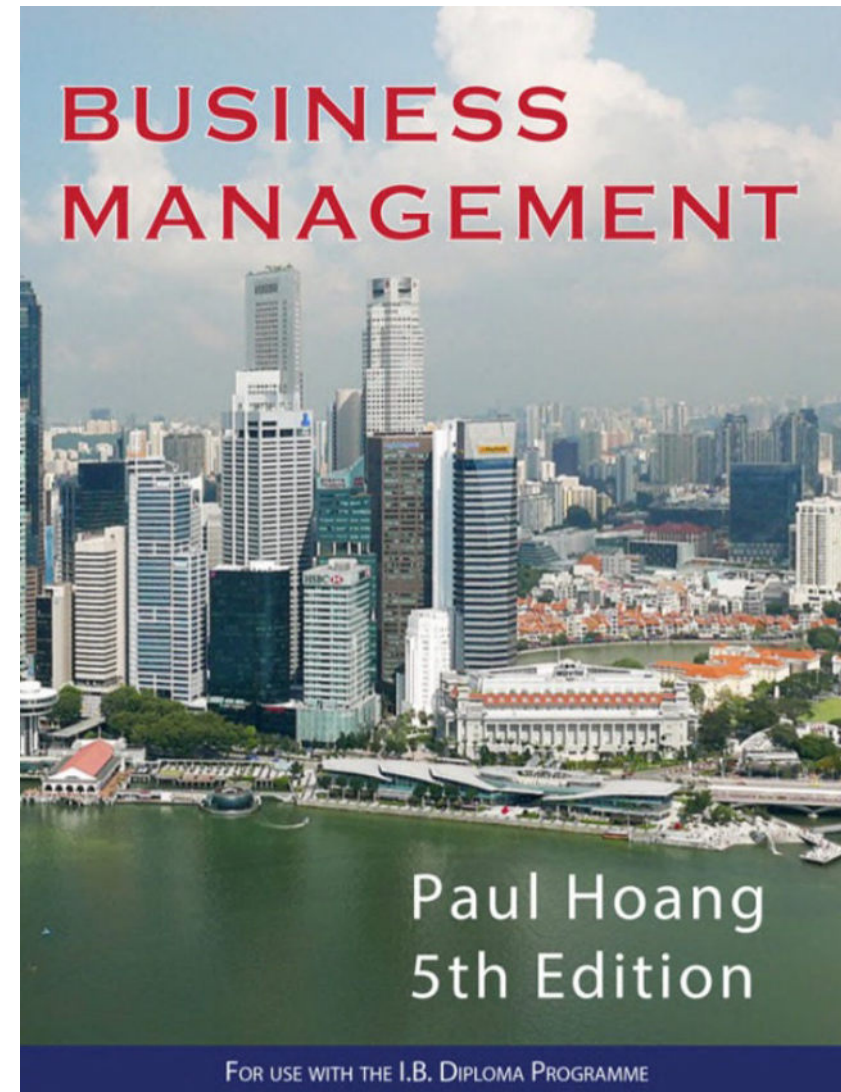
BUSINESS MANAGEMENT



Approaches to learning

- Hoang textbook
- Activity 13.1 *Research skills*
 - Page 211

BUSINESS MANAGEMENT



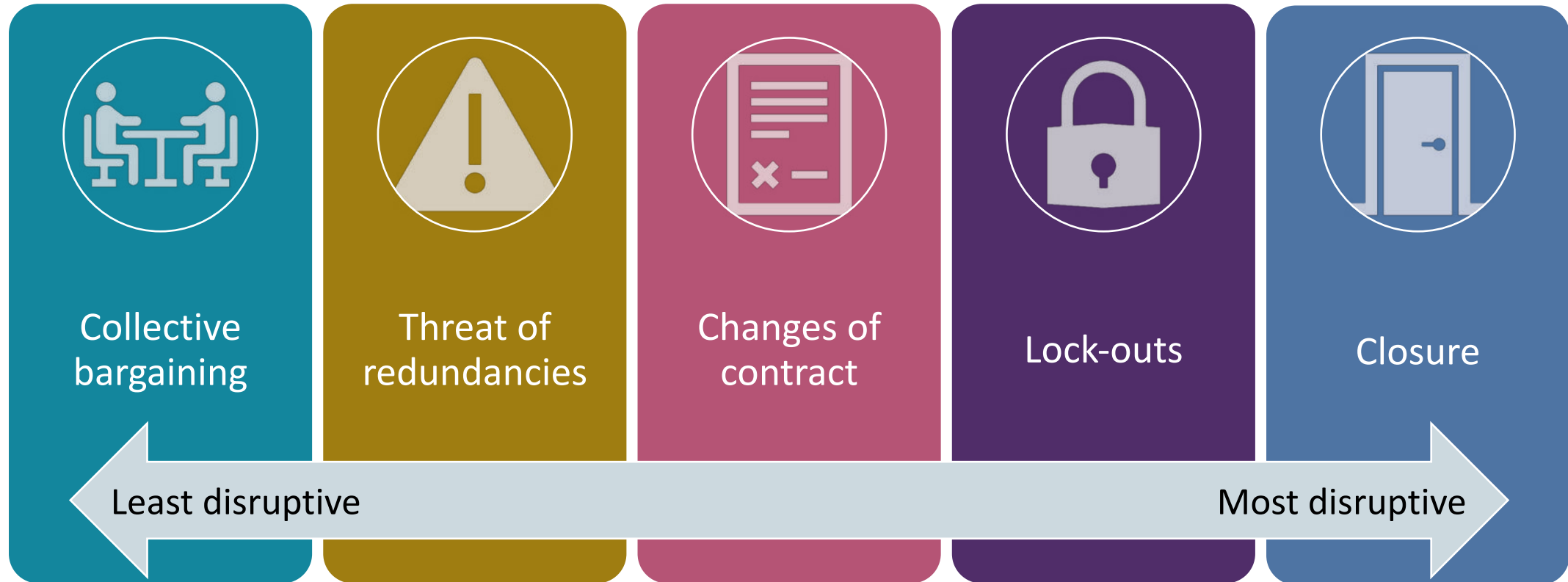
Employer objectives

- Employer objectives include:
 - Lower production costs
 - Improved productivity levels
 - Lower rates of absenteeism
 - Higher staff retention
- The objectives of workers will raise the cost of production for employers, thus leading to potential conflict.



Methods to achieve employer objectives

- Employers are represented usually by management teams or employer representatives.
- They use the following methods to help achieve their objectives:



Collective bargaining

- Employers will use a team of highly skilled negotiators in this industrial action.
- They often set short deadlines as a tactic to give trade unions little time to prepare or fight for its case.



Threat of redundancies

- For employees working on finite contracts, employers can change the terms of their contracts when it is time for contract renewals.
- This can be regarded as coercion as employees are denied further employment if they do not agree to the new terms.





Changes of contract

- For employees working on finite contracts, employers can change the terms of the contracts when it is time for contract renewal.
- This can be regarded as coercion as employees are denied further employment if they do not agree to the new terms.



Lock-outs

- This occurs when employers temporarily prevent employees from going to work.
- Locks and/or security guards are used to prevent employees entering the business.
- The objective is to put pressure on some employees who want to return to work so they can get paid.



Closure

- This is an extreme measure used when all other approaches to resolve a dispute have failed.
- The business closes its operations, so workers will not be able to receive their wages and/or be made redundant.

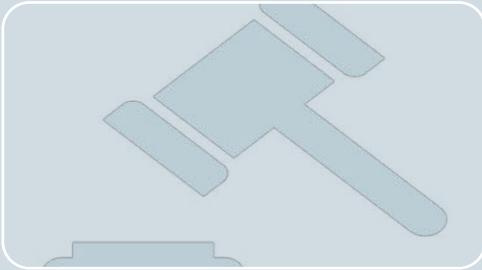


The following approaches to conflict resolution:

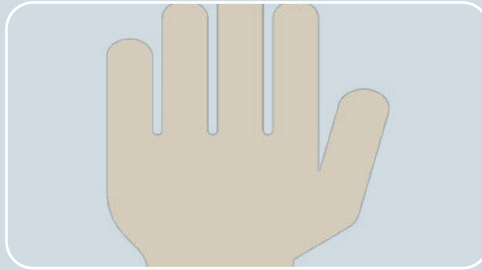
- Conciliation and arbitration
- Employee participation and industrial democracy
- No-strike agreement
- Single-union agreement

Conflict resolution

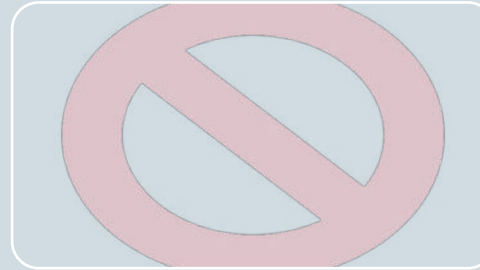
- Conflict resolution refers to the course of action taken to resolve conflict and differences in opinions.
- Methods of conflict resolution include:



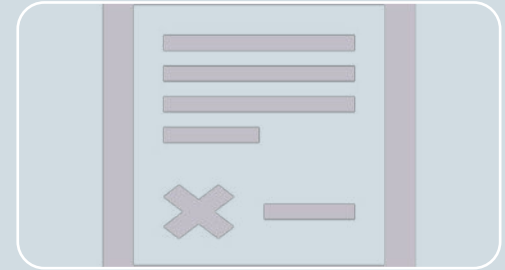
Conciliation
and
arbitration



Employee
participation
and industrial
democracy



No-strike
agreements



Single union
agreements

Conciliation and arbitration

Conciliation



- Conciliation is a process whereby the parties involved in a dispute agree to use the services of an independent mediator.
- Mediators encourage the parties to negotiate, compromise and reach mutually acceptable solutions.

Arbitration



- Arbitration is a process whereby the parties involved in a dispute agree to use the services of an independent arbitrator.
- Arbitrators act like a judge by listening and examining the arguments put forward by both parties before making a legally binding judgement.

Employee participation and industrial democracy

- Employee participation is an example of industrial democracy.
- Employees are given responsibilities and authority to complete tasks and are involved in the decision-making process.



No-strike agreements

- Trade unions have suffered from poor reputations for being disruptive to business activities due to strike actions.
- A no-strike agreement is when a trade union have members that agree to refrain from strike action in industrial disputes.



Single union agreements

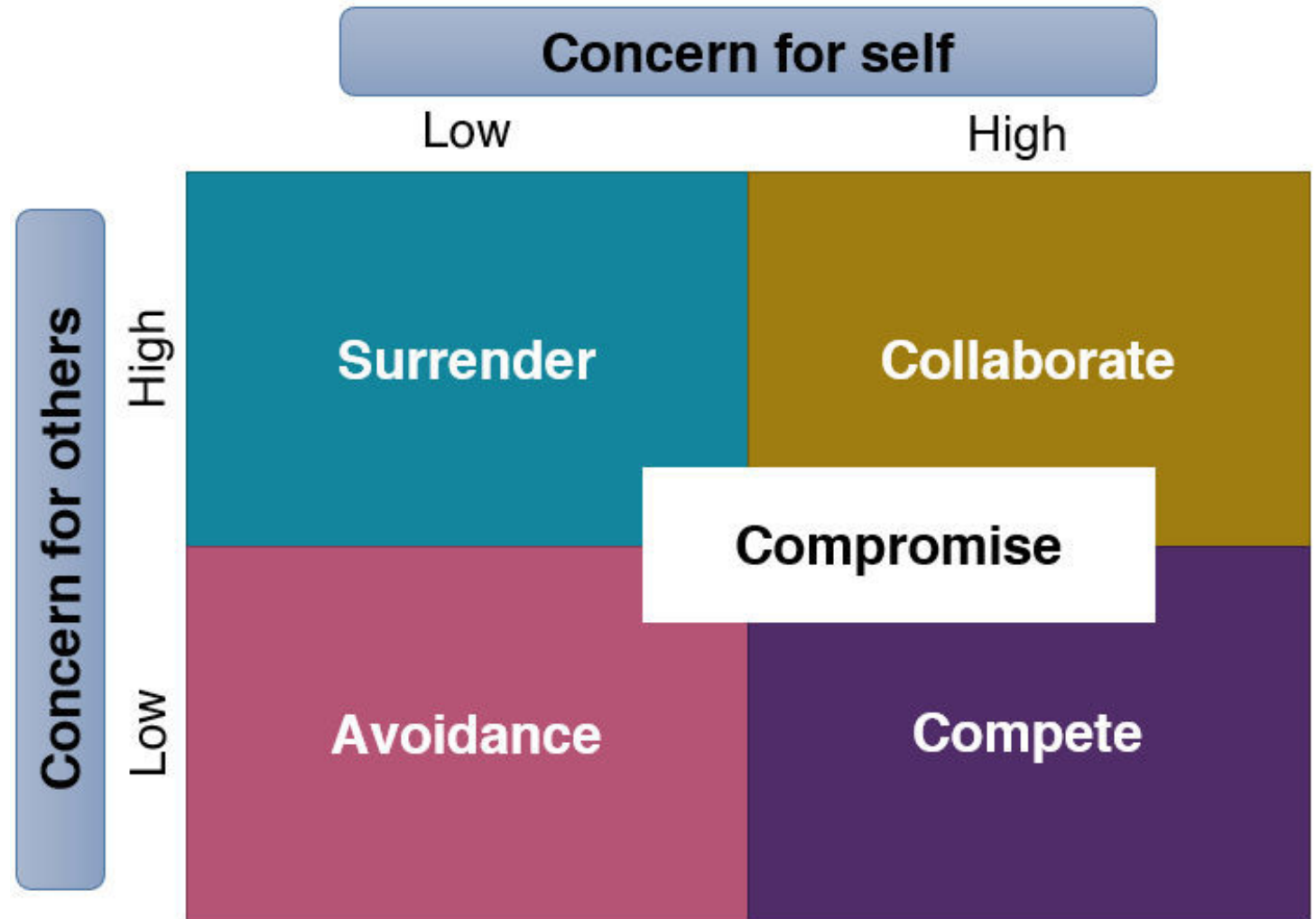
- This occurs when a firm agrees to participate in conflict resolution with one specific trade union.
- This creates fewer disruptions by attempting to negotiate with multiple trade unions with conflicting objectives.



Possible outcomes in conflict resolution

- The approach taken to deal with conflict largely depends on people's concern for:
 - Their own outcomes.
 - The outcomes of others.

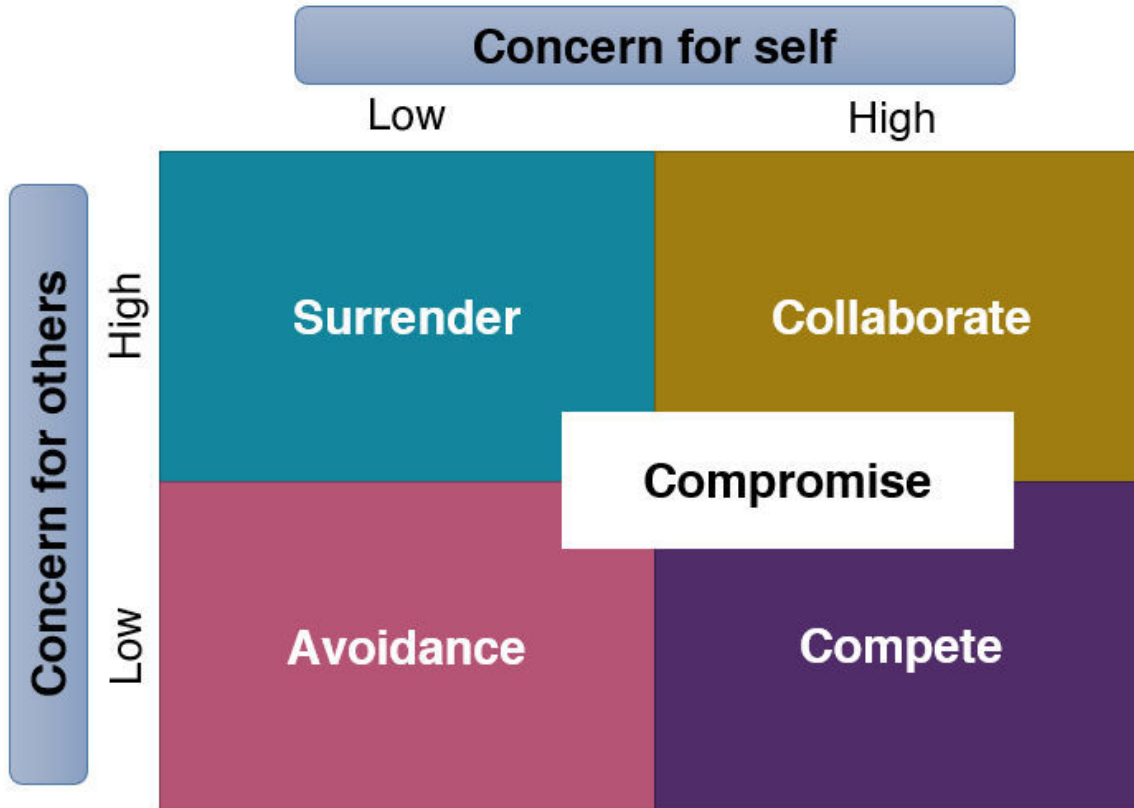
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Five possible outcomes to conflict resolution

- High concern for others means surrendering is the only option.
- This leads to a win situation for the other party.

- Low or no concern for either party's outcome simply means there is avoidance of the issue causing conflict.



- Moderate concern for the outcome of both parties leads to some sort of compromise.

- High concern for the outcome of both parties leads to collaboration.
- A mutually beneficial outcome is sought by both parties.
- This is the optimal strategy to approach conflict resolution.

- High concern for personal outcomes leads to people to compete for a win-only outcome.
- This leads to further/ongoing disputes.

Factors that influence the outcomes of conflict resolution



Level of experience and skills of negotiators or representatives



Number of members and degree of unity within trade unions



State of the economy



Level of demand for a product



Public and media opinion

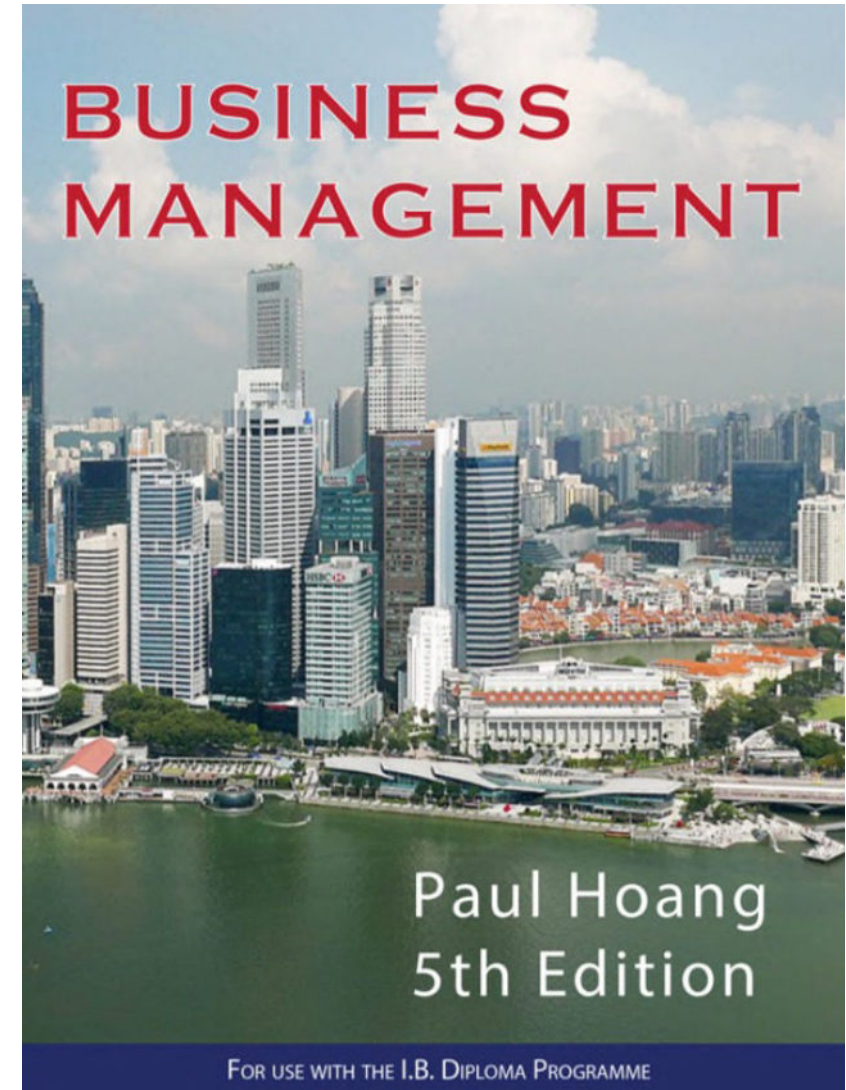


Government intervention

Over to you

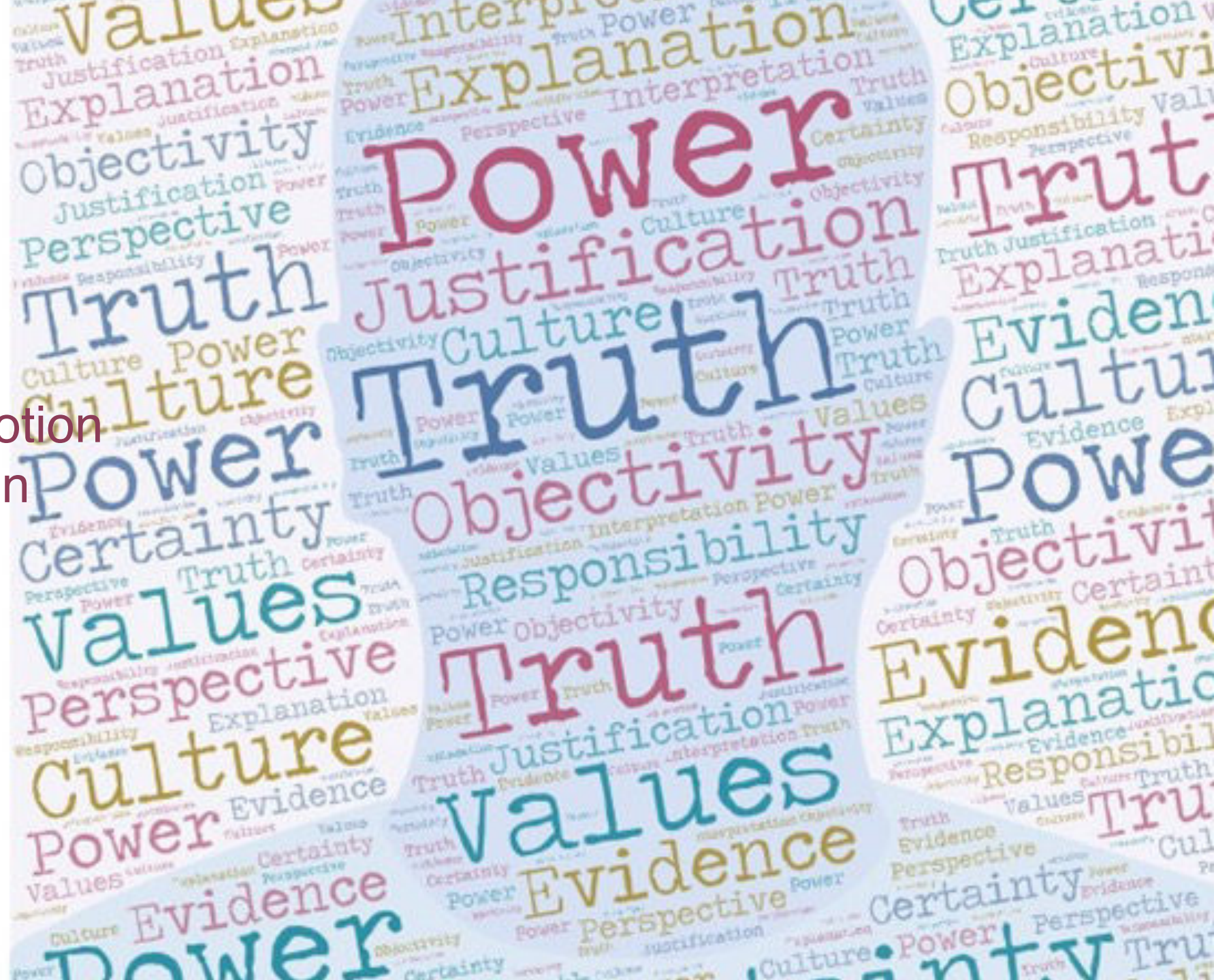
- Hoang textbook
- Question 13.3 *Human Rights Watch and Walmart*
 - Page 217
- Answer all parts

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Theory of knowledge

Are perceptions, emotion or reasoning the main sources of conflict?



- Casual workers in Australia are typically paid 25% more than full-time workers.
- This 25% percent loading is to offset lack of job security and benefits such as sick leave that full-time workers enjoy.
- Watch the video and answer the following questions:
 1. Are casual wages a fixed or variable cost for employers?
 2. If casual workers are guaranteed paid sick leave, what is likely to happen to the total contribution needed to break even?
 3. Prepare a force field analysis of employers considering implementing paid benefits to casual workers.

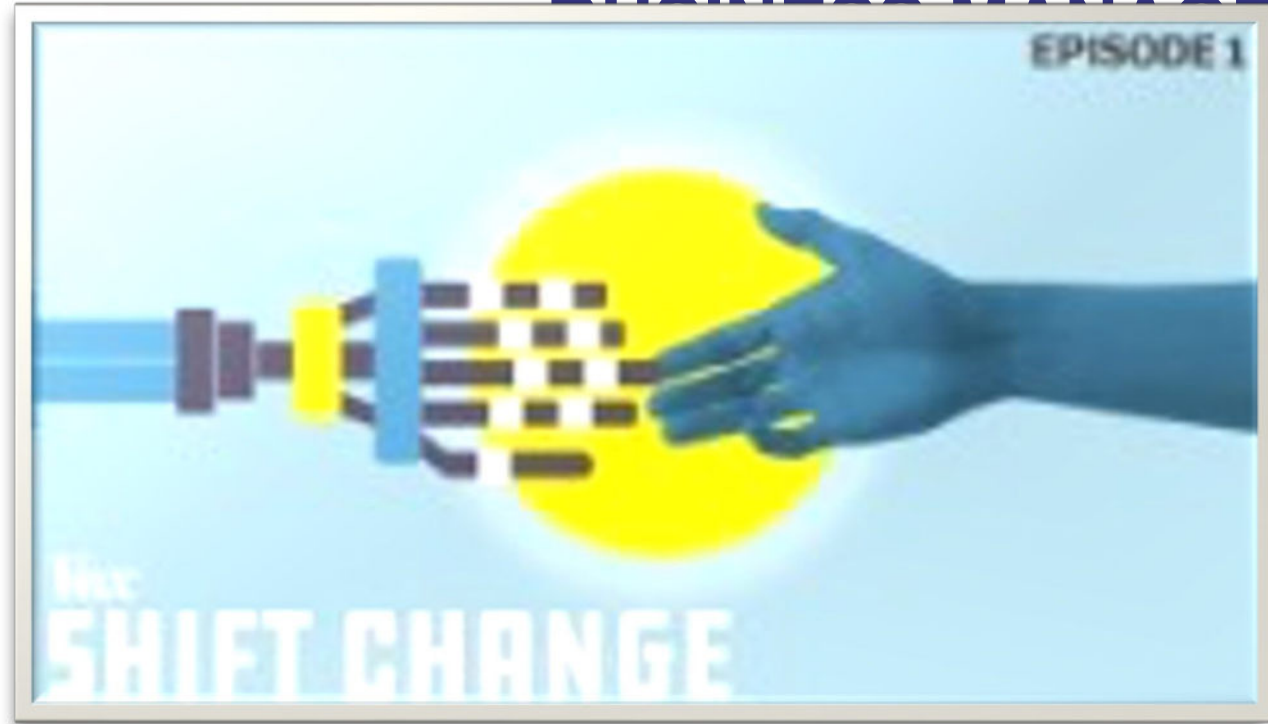
BM Toolkit BUSINESS MANAGEMENT

Contribution and force field analysis of improved casual worker benefits





Concepts in BM: change, creativity, ethics and sustainability



- Automation of manufacturing is usually a result of changes in the internal and/or external environment due to creative developments in technology.
- Employees commonly fear automation will result in mass redundancies. However, this may not always be the case.
- The implementation of automation must be approached ethically in order to sustain harmonious industrial relations for the future sustainability of a firm.



Over to you

- Hoang textbook
- *Review Questions*
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