

# IB Business Management HL

## 2.4 Motivation & Demotivation

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## Motivational Theories: Taylor, Maslow, Herzberg

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## The Importance of Employee Motivation

- Motivation refers to the **inner desire or willingness** that propels a person to take action and **achieve a specific goal or outcome**
  - Motivation can be **intrinsic**, coming from within a person (values, beliefs etc)
  - Motivation can be **extrinsic**, coming from external factors (rewards or punishments)
- Motivation plays a critical role in a business's success and can have a significant impact on productivity, reliability and loyalty of the workers, and labour turnover rates

### 1. The impact of motivation on productivity

- Motivated employees are **more productive and efficient** as they are more likely to be engaged in their work and take initiative to meet or exceed their goals
- They will generate higher levels of output and quality
- Increased productivity results in **higher profits** for the business

### 2. The impact of motivation on the reliability of workers

- Motivated employees are more likely to be **reliable and dependable**
- They take pride in their job, show up on time, meet deadlines, and take fewer sick days
- This leads to increased trust between the business and its employees and higher productivity

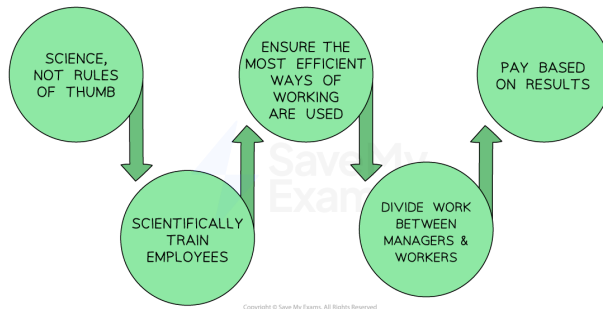
### 3. The impact of motivation on turnover rates

- Motivated employees are more likely to stay with the company long-term which reduces the turnover rate
- Lower turnover rates reduce the need for costly recruitment and training



## Taylor's Scientific Management

- Developed by Frederick Winslow Taylor in the early 20th century
- It focuses on **breaking down complex tasks** into simpler ones, standardising work processes, and providing workers with clear instructions and training to achieve maximum efficiency
- Many **manufacturing businesses** use Taylor's principles to structure their staff benefits e.g. piece rate pay
  - Production lines involving human labour are often set up based on these principles



*Taylor's method starts with a scientific analysis of what is involved in a job and then breaks it down into parts for which employees can be trained*

### 1. Study and analyse the work process

- Carefully analyse each step of the work process
- Break down **complex tasks** into simpler ones and identify the most efficient and **effective way to perform each task**

### 2. Standardise the work process

- This involves creating **detailed procedures and instructions** for each task so that workers can follow these procedures consistently

### 3. Select and train the workers

- Workers should be carefully selected based on their **skills and abilities**
- Train workers to perform their tasks efficiently and effectively
  - This training includes both **technical skills** and the **proper attitudes/behaviours** required to be successful (e.g. patience in a repetitive task)

### 4. Provide incentives for performance

- Scientific management emphasises the **use of incentives** to motivate workers
  - This may include **bonuses** or **piece-rate pay**

## Ways in which Businesses use Taylor's Scientific Management

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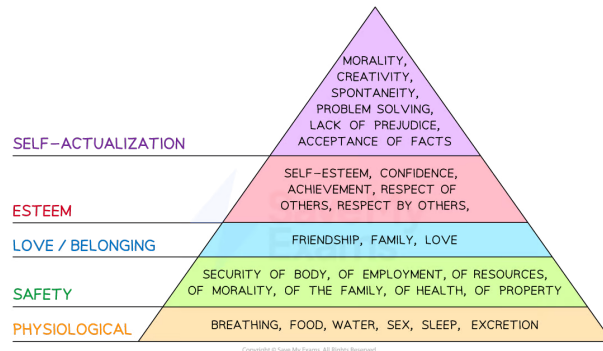


How Businesses use Taylor's Approach	Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Workers are trained to <b>perform only one task</b> which they become very skilled at</li> <li>Workers are usually only paid for the <b>completed work (piece rate pay)</b> e.g. \$0.16 per T-shirt completed by garment workers in Bangladesh</li> </ul>	<ul style="list-style-type: none"> <li><b>Increased efficiency</b> which lowers costs</li> <li><b>Standardised procedures</b> for work processes that everyone follows can help reduce errors and inconsistencies</li> <li><b>Specialisation of labour</b> leads to greater efficiency and productivity</li> <li><b>Clear hierarchy</b> and lines of authority can lead to more efficient decision-making and communication</li> <li><b>Improved training</b> and development can lead to better performance and job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li><b>Overemphasis on efficiency</b> reduces worker satisfaction and creativity</li> <li><b>Workers may disengage</b> from work if they are reduced to working in a machine-like system</li> <li><b>Limited applicability</b> as this approach may not work for roles that require high levels of creativity, problem-solving, or interpersonal skills</li> <li><b>Potential for exploitation</b> as this approach may be used to extract more work from workers without compensating them fairly e.g many 'sweat shop' labourers get paid using this method</li> </ul>



## Maslow's Hierarchy of Needs

- Maslow's Hierarchy of Needs is a theory of human motivation that outlines **five tiers of human needs** that must be met for individuals to reach their full potential



*Maslow's hierarchy of needs*

## Maslow's hierarchy of needs applied to business

### Physiological Needs

- Businesses can **provide necessities** for their employees e.g **comfortable work environment**, access to clean water and food, and adequate rest breaks

### Safety Needs

- Businesses can provide job security, fair pay, benefits, and **safe working conditions** for their employees

### Love and Belonging Needs

- Businesses can encourage teamwork and generate a **sense of community** and belonging within the workplace

### Esteem Needs

- Businesses can provide recognition for employees' accomplishments, and provide a positive work culture that **values individual contributions**

### Self-Actualisation Needs

- Businesses can help employees achieve this need by offering opportunities for employees to **pursue their passions** and interests e.g Barclay's was known for supporting elite sportspeople by allowing them time off work in the day to continue their training (the focus was on getting the job done, not having to be in at a certain time)

## The Advantages & Disadvantages to Business of Applying Maslow's Hierarchy

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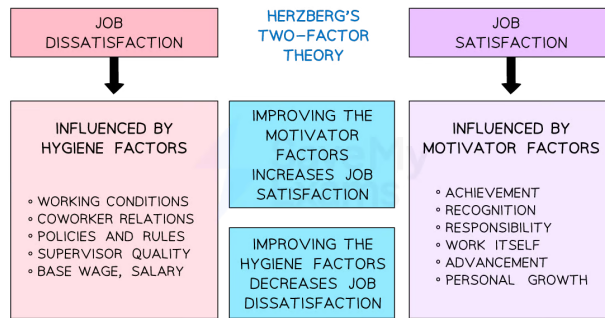


Advantages	Disadvantages
<ul style="list-style-type: none"><li>• <b>Higher employee satisfaction:</b> By meeting the needs of employees, businesses can create a more satisfying work environment which can lead to <b>increased productivity</b> and <b>lower turnover rates</b></li><li>• <b>Increased motivation:</b> Businesses can motivate their employees by offering <b>incentives that align</b> with their specific needs and desires</li><li>• <b>Improved employee performance:</b> Employees who feel valued and supported by their employers are more likely to <b>perform at a higher level</b></li></ul>	<ul style="list-style-type: none"><li>• <b>One size does not fit all:</b> Businesses need to tailor their approach to meet the individual needs of their employees</li><li>• <b>Expensive:</b> Meeting many individual needs can be costly, especially when offering perks such as the use of a company car</li><li>• <b>Time-consuming:</b> Requires significant effort from management to connect individually to understand which opportunities for personal growth are desired</li></ul>



## Herzberg's Motivation-Hygiene Theory

- **Herzberg's theory** suggests that there are two types of factors that affect employee motivation and job satisfaction - hygiene factors and motivators
  - **Hygiene factors** are elements that do not necessarily lead to job satisfaction, but their absence can cause dissatisfaction which decreases motivation e.g poor teamwork in the workplace
  - **Motivators** are elements that lead to job satisfaction and motivation e.g. increased responsibility



***An explanation of how the lack of hygiene factors causes dissatisfaction while addressing the motivators increases satisfaction. Increased satisfaction leads to increased productivity and profitability***

## How businesses can use hygiene factors to decrease dissatisfaction

### Pay fair wages/salaries

- If an employee is not paid a fair wage for their work, they may become dissatisfied and demotivated

### Offer excellent working conditions

- If the workplace is dirty, unsafe, or uncomfortable, employees may become dissatisfied and demotivated e.g Google has a reputation for providing amazing workplaces which include gourmet restaurants, laundry services and dog care

### Offer employment contracts which provide job security

- If employees feel that their job is not secure, they may become anxious and demotivated and contribute less to the business goals

## How businesses can use motivating factors to increase satisfaction

**Build a recognition and rewards culture**

- When employees are recognised and rewarded for their hard work, they are motivated to continue performing well e.g. Sales person of the month award

**Offer opportunities for growth and development**

- When employees are given opportunities to learn new skills and advance in their careers, they are motivated to continue working for the company e.g. set in place a 3 year growth plan which helps the worker move towards a reach job role

**Provide challenging work which requires problem solving**

- When employees are given challenging work that allows them to use their skills and abilities, they are motivated to continue performing well

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## Motivational Theories: Other Theories

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### McClelland's Acquired Needs Theory

- McClelland's **Acquired Needs Theory** focuses on the needs that individuals develop over time
- It explains how these needs influence their **motivations and behaviour**
- People have **three acquired needs** that drive their actions and choices in the workplace and in life

#### A Summary of McLelland's Acquired Needs

Type of Need	Achievement Need (nAch)	Affiliation Need (nAff)	Power Need (nPow)
<b>Motivations</b>	<ul style="list-style-type: none"> <li>• Desire to excel &amp; achieve challenging tasks</li> <li>• Setting &amp; achieving personal goals</li> </ul>	<ul style="list-style-type: none"> <li>• Forming positive relationships</li> <li>• Being happy within the workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Desire to influence &amp; control others/situations</li> <li>• Bring out the best in others/teams</li> </ul>
<b>Behaviours</b>	<ul style="list-style-type: none"> <li>• Seek success and take calculated risks</li> <li>• Appreciate feedback on their performance</li> <li>• Enjoy tasks that require problem-solving</li> <li>• Driven by a sense of accomplishment</li> </ul>	<ul style="list-style-type: none"> <li>• Seek approval, acceptance and social interaction</li> <li>• Avoid conflict</li> <li>• Prioritise harmony in their interactions</li> <li>• Desire for cooperation and collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Seek leadership positions</li> <li>• Enjoy being in control of their environment</li> <li>• McClelland identified <b>two types of power needs</b> <ul style="list-style-type: none"> <li>◦ Personal power is the desire to control others</li> <li>◦ Institutional power is the desire to influence and shape organisations/systems</li> </ul> </li> </ul>

- The relative strength of these needs **varies among individuals**
- They can be developed over time through **life experiences, upbringing and cultural influences**

- Understanding individuals' dominant need can **help employers tailor their approach to employee motivation** and management

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## Strengths of McClelland's Acquired Needs Theory

- The model is **easy to understand & apply**
  - Helps managers to motivate employees in various situations
- Recognises that people have **varying needs & motivations**
  - Managers can create more effective motivational strategies
- Based on **extensive research**
  - McClelland's research was conducted in various cultural contexts so it can be applied in different settings

## Weaknesses of McClelland's Acquired Needs Theory

- Does not account for the **complexity of human behaviour**
  - Can be influenced by a wide range of personal and environmental factors
- The model may **oversimplify** workers' motivations
  - People often have a combination of the three needs
- **Limited evidence** supports the specific needs identified in the theory
  - Achievement, affiliation and power are not universally agreed upon as the primary drivers of behaviour



## Deci and Ryan's Self-determination Theory

- Deci and Ryan's theory describes **why people do what they do**
  - It is concerned with understanding human motivation and the **factors that drive individuals** to engage in activities
  - Humans have **three basic psychological needs** that allow them to **achieve personal growth**

### Deci & Ryan's 3 Basic Psychological Needs

Autonomy	Competence	Relatedness
<ul style="list-style-type: none"><li>• The need to <b>have control and make choices</b> in our work and personal lives</li></ul>	<ul style="list-style-type: none"><li>• The need to <b>feel capable and effective</b> in what we do, inside and outside of work</li></ul>	<ul style="list-style-type: none"><li>• The need to <b>connect with others</b> and feel a <b>sense of belonging</b> in each aspect of our lives</li></ul>

- These three needs are crucial for intrinsic motivation because they allow people to **feel valued and fulfilled**
  - This leads to greater **well-being** and sustained **engagement** both within and outside of the workplace
  - If employers understand these needs they can **develop staff effectively**
  - They may also be able to encourage **staff to make positive changes for themselves**

## Strengths of Deci & Ryan's Self-Determination Theory

### 1. Adaptability

- Recognises that **not all individuals are motivated in the same way**
- Can be adapted to account for variations in motivation across different cultures

### 2. Can be applied to different situations

- It has been **used widely** in business, education management, sports coaching and healthcare

### 3. Backed by research

- Numerous studies have demonstrated its validity and relevance

## Weaknesses of Deci & Ryan's Self-Determination Theory

### 1. Potential cultural bias

- Its origins are in Western psychology

- May not fully account for **cultural variations in motivation** between regions

## 2. **Overemphasis on intrinsic motivation**

- Downplays the significance of extrinsic motivators such as financial incentives

## 3. **Lack of clear measurement tools**

- Difficult to assess what motivates individual employees as the three psychological needs are internal

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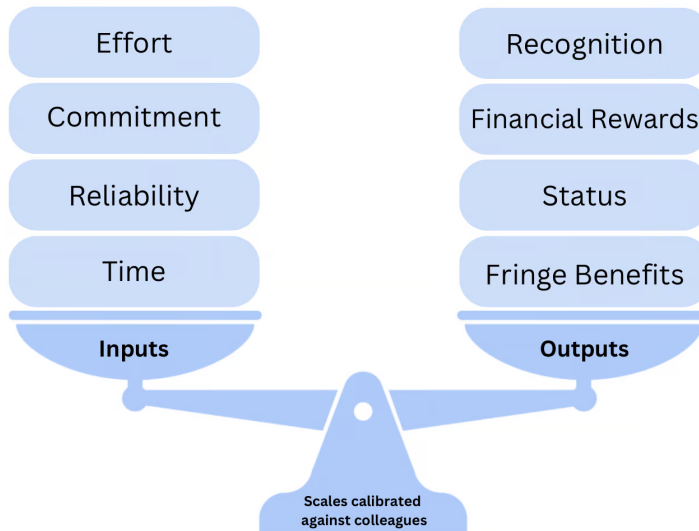
## Equity Theory

- John Adams's equity theory explains **how people perceive and react to fairness** in their personal and working relationships

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### Diagram Which Explains Adams' Equity Theory in the Workplace



***Equity is achieved when employees perceive their inputs equal their outputs and are comparable with those of colleagues***

- In the workplace Individuals strive to **maintain a sense of fairness and balance**
  - They do this by comparing their inputs (contributions made by the employee) to their outputs (rewards they receive)
  - Employees want this ratio to be **fair**
    - Contributions and rewards should be roughly equal to those of colleagues
    - Rewards should fully compensate the efforts the employee makes
- There are **three possible scenarios** in equity theory

Under-Reward	Equity	Over-Reward
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<ul style="list-style-type: none"> <li>• Individuals feel that they are <b>giving more than they are receiving</b> in comparison to colleagues</li> <li>• They may feel under-rewarded and unfairly treated</li> <li>• This can lead to feelings of frustration or dissatisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals perceive a <b>balance</b> between their inputs and outcomes</li> <li>• They feel that the relationship is fair and just</li> <li>• They are satisfied and content</li> </ul>	<ul style="list-style-type: none"> <li>• Individuals believe that they are <b>receiving more than they are giving</b></li> <li>• They may feel guilty or indebted</li> <li>• This can lead to discomfort and a desire to restore fairness</li> </ul>
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## Restoring Equity in the Workplace

- To **restore equity** in the workplace individuals may take various actions
  - Renegotiate terms and conditions of employment
  - Adjust their contributions by making more/less effort
  - Seek new opportunities that provide a fairer balance of inputs and outcomes
- Businesses may take steps to **ensure workers perceive business systems as fair by**
  - Communicating better in recruitment and promotion policies
  - Clarifying pay and reward systems
  - Providing training and development opportunities

## Strengths of Adams's Equity Theory

1. **Easy to understand**
  - Most people have an inherent sense of fairness and grasp the concept of equity
2. **Recognises individual differences**
  - What one person perceives as equitable may not be the same for another
3. **Highlights the importance of social comparisons**
  - People often compare their situation to others

## Weaknesses of Adams's Equity Theory

1. **It is subjective**
  - What one person considers fair may differ from another's perspective
2. **Ignores other influences on behaviour**
  - Factors such as personal values, intrinsic motivation and organisational culture also influence behaviour
3. **Over-simplification**
  - Real-life working scenarios often involve variables and factors that Equity Theory does not consider



### Exam Tip

Don't confuse **equity** with **equality**

**Equity is fairness.** Employees may be paid different rates for very good reasons such as experience, skills or qualifications

This is entirely **fair**

**Equality** would mean the **same rate of pay for all staff**, regardless of competence

This would **not be fair at all**

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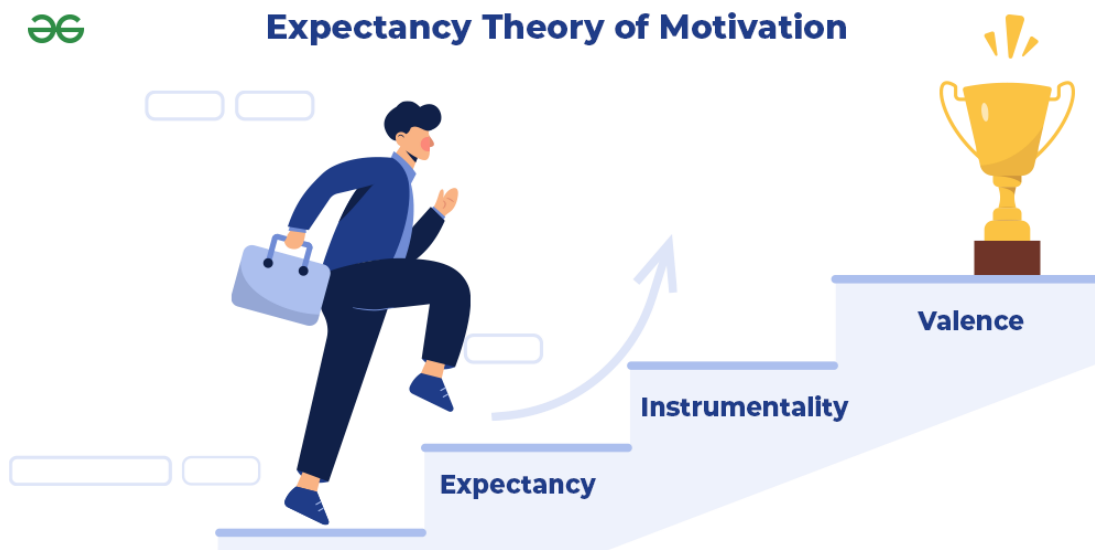
## Expectancy Theory

- Vroom's Expectancy theory seeks to explain **why people make choices and behave in specific ways**
- It suggests that motivation depends on these three factors working together
  - **Expectancy** is the belief that effort leads to performance
  - **Instrumentality** is the belief that performance leads to outcomes
  - **Valence** is the value or desirability of those outcomes

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### Diagram which demonstrates Vrooms Expectancy Theory



### The Three Components of Vroom's Expectancy Theory

Expectancy	Instrumentality	Valence
<ul style="list-style-type: none"> <li>• <b>Effort will lead to successful performance</b> <ul style="list-style-type: none"> <li>◦ If a worker believes that hard work will result in achieving a specific goal they are likely to be motivated to put in that effort</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Successful performance will be rewarded</b> <ul style="list-style-type: none"> <li>◦ If a worker is confident that hard work will lead to a desirable outcome/reward they are more likely to be motivated to perform well</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>The potential outcome is desirable</b> <ul style="list-style-type: none"> <li>◦ The more valuable or appealing the outcome the more motivated workers are to achieve it</li> </ul> </li> </ul>



- Where low motivation is identified managers may **take steps to improve one or more of the components for individuals**
- These steps may include
  - **Improve training** and development to increase the expectancy score
  - **Increase trust** between management and workers by ensuring that promises are kept – this may increase the instrumentality score
  - Widen the **package of rewards** available for good performance to improve the valence score

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## Strengths of Expectancy Theory

- The theory takes into account **personal differences** and considers them when explaining motivation
- Clear and logical framework for understanding motivation by **breaking it down into three key components**
- It emphasises the **importance of involving employees** in the goal-setting process

## Weaknesses of Expectancy Theory

- The theory is based on **subjective** perceptions/beliefs so it may not always accurately predict behaviour
- Individuals' **perceptions** and **values can vary**
- It provides a **framework** for understanding motivation **rather than precise predictions**

## Labour Turnover

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### Labour Turnover

- Labour turnover measures the **proportion of employees leaving a business** during a **specific time period**
- It is expressed as a percentage and is calculated using the formula

$$\text{Labour Turnover} = \frac{\text{Number of Staff Leaving}}{\text{Total Number of Staff}} \times 100$$

### Internal and External Factors that Affect Labour Turnover

- A rising rate of labour turnover can signal **internal human resource management problems** such as
  - Poor management** leading to workers losing commitment
  - A **poor recruitment and selection** approach leading to staff leaving soon after starting their job
  - Low wage levels** compared to those that could be earned elsewhere
- External factors** can also increase labour turnover in a business
  - A buoyant local economy where **workers are attracted to employment opportunities elsewhere**
  - Improved **transport links** that provide an opportunity for workers to seek work across a **wider geographical area**

### The Consequences of high Labour Turnover

Problems	Opportunities
<ul style="list-style-type: none"> <li>Increased recruitment and <b>selection costs</b></li> <li>Increased induction and <b>training costs</b></li> <li>Lower productivity levels as workers settle into new roles</li> </ul>	<ul style="list-style-type: none"> <li>Workers with existing skills can be recruited to <b>reduce the need for training</b></li> <li>New ideas and creativity introduced to the business</li> <li>New perspective and approaches to problem-solving can <b>improve business performance</b></li> </ul>



### Worked Example

In 2022 *Domus Construction Ltd* employed 7,200 workers, six per cent of whom worked at the head office.

During 2022 fifty-four head office employees left the business.

Calculate the labour turnover of Domus Construction's head office in 2022. (3 marks)

#### Step 1: Calculate the number of head office workers

$$0.06 \times 7,200 = 432 \text{ workers} \quad (1 \text{ mark})$$

#### Step 2: Apply the labour turnover formula

$$\text{Labour Turnover} = \frac{\text{Number of Staff Leaving}}{\text{Total Number of Staff}} \times 100$$

$$\text{Labour Turnover} = \frac{54}{432} = 0.125 \times 100 = 12.5\% \quad (2 \text{ marks})$$

## Labour Retention

- Labour retention measures the **proportion of employees remaining with a business** during a **specific time period**
- It is expressed as a percentage and is calculated using the formula

$$\text{Labour Retention} = \frac{\text{Number of Staff Remaining}}{\text{Total Number of Staff}} \times 100$$

- A **high level** of labour retention means that **few staff are leaving** the business during a given period



### Worked Example

In 2022 Westington College employed 4,240 employees, 265 of whom left the college during the year

Calculate Westington College's staff retention rate in 2022 (2 marks)

#### Step 1: Calculate the number of employees not leaving

$$4,240 - 265 = 3,975 \quad (1 \text{ mark})$$

#### Step 2: Calculate the retention rate using the formula

$$\text{Labour Retention} = \frac{\text{Number of Staff Remaining}}{\text{Total Number of Staff}} \times 100 \quad (1 \text{ mark})$$

$$\text{Labour Retention} = \frac{3,975}{4,240} = 0.9375 \times 100 = 93.75\%$$



## Types of Employee Appraisal

### An Introduction to Employee Appraisals

- Staff appraisal is a process where a manager or supervisor **assesses an employee's job performance**

### Diagram Which Explains the Typical Points of Discussion in Employee Appraisals



*Appraisal discussions reflect on employee performance and establish goals for the future*

- Performance is measured against the **tasks and responsibilities** stated in the employee's job description
- Constructive **feedback** is given and there is a discussion of **goals and development opportunities**

### Advantages and Disadvantages of Employee Appraisals

Advantages	Disadvantages
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<ul style="list-style-type: none"> <li>• <b>Feedback &amp; Communication</b> <ul style="list-style-type: none"> <li>◦ Structured platform for managers to give <b>constructive feedback</b> on employee performance</li> <li>◦ <b>Open &amp; honest communication</b> helps to address concerns &amp; set expectations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Subjectivity</b> <ul style="list-style-type: none"> <li>◦ Can be influenced by <b>personal biases</b> or prejudices of the appraiser</li> <li>◦ Managers may <b>evaluate employees differently</b> based on personal relationships or perceptions</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Performance Improvement</b> <ul style="list-style-type: none"> <li>◦ Identifies where employees may need <b>training, development or support</b> to improve performance</li> <li>◦ Encourages self-awareness and <b>self-improvement</b></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Anxiety &amp; Stress</b> <ul style="list-style-type: none"> <li>◦ Employees may <b>fear feedback</b> or potential negative consequences</li> <li>◦ High-stakes appraisals can lead to <b>demotivation or performance anxiety</b></li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Recognition &amp; Motivation</b> <ul style="list-style-type: none"> <li>◦ Recognises &amp; <b>rewards employees</b> for their achievements &amp; contributions</li> <li>◦ Opportunity to <b>acknowledge employees' hard work</b> &amp; dedication</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Time-Consuming</b> <ul style="list-style-type: none"> <li>◦ Takes both managers and employees away from other productive work</li> <li>◦ Filling out forms and conducting meetings can be cumbersome</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Decision-Making</b> <ul style="list-style-type: none"> <li>◦ Supports decisions related to <b>promotions, salary increases &amp; bonuses</b> based on merit</li> <li>◦ Identifies <b>high-potential employees</b> for leadership development</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Inaccuracies</b> <ul style="list-style-type: none"> <li>◦ May not accurately reflect an employee's performance due to a <b>lack of objectivity</b></li> <li>◦ The process may <b>fail to capture the full range</b> of an employee's contributions and skills</li> </ul> </li> </ul>

## Formative Appraisal

- A formative appraisal involves gathering **ongoing** information and feedback on employee performance
  - Managers and workers have **regular** performance management conversations
  - **Prompt adjustments** can be made to improve performance
  - Methods used to **gather information** for formative appraisal may include
    - employee observations
    - aptitude tests
    - skills tests
    - feedback from peers
  - Formative appraisal is commonly used during **training or probation periods**

### Characteristics of Formative Appraisal

Characteristic	Explanation
Ongoing Feedback	<ul style="list-style-type: none"><li>• It is conducted <b>continuously</b> throughout the period of employment or training</li><li>• Workers receive feedback on their progress, identify areas for improvement and make necessary changes to enhance performance</li></ul>
Improvement-Oriented	<ul style="list-style-type: none"><li>• The primary goal is to <b>help workers make improvements</b></li><li>• Provides insights into what is/is not working well</li></ul>
No or Low Stakes	<ul style="list-style-type: none"><li>• Assessments in formative appraisal <b>do not heavily impact a worker's employment</b></li><li>• Minimal pressure on employees encourages them to focus on improvement</li></ul>
Timely Feedback	<ul style="list-style-type: none"><li>• <b>Specific, constructive and actionable</b> feedback is provided <b>promptly</b></li><li>• Workers can use it to make immediate improvements</li></ul>
Employee Involvement	<ul style="list-style-type: none"><li>• Employees are <b>encouraged to be actively involved</b> in the process</li><li>• They may self-assess, set goals and reflect on their own progress towards goals</li></ul>

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## Summative Appraisal

- Summative appraisal is **typically conducted yearly** or at the end of a work assignment
- Its main purpose is to assess and measure the **overall performance**, achievement or outcomes of employees
- Summative appraisals are often used to make **decisions related to pay or promotion**

### Key Characteristics of Summative Appraisal Include

Characteristic	Explanation
Endpoint Assessment	<ul style="list-style-type: none"><li>• Summative appraisal occurs at the <b>end of the year, cycle or project</b><ul style="list-style-type: none"><li>◦ Teacher performance is appraised following the publication of examination results</li><li>◦ Performance of sales staff is often measured monthly or quarterly</li></ul></li></ul>
Evaluation of Achievement	<ul style="list-style-type: none"><li>• It focuses on the <b>overall outcomes and results achieved</b> by the employee<ul style="list-style-type: none"><li>◦ Teacher performance is measured against the results achieved by students in examinations</li><li>◦ Performance of sales staff is usually measured against the volume or value of sales achieved</li></ul></li></ul>
High-Stakes	<ul style="list-style-type: none"><li>• It can have significant consequences such as <b>determining pay, promotion or continued employment</b></li></ul>

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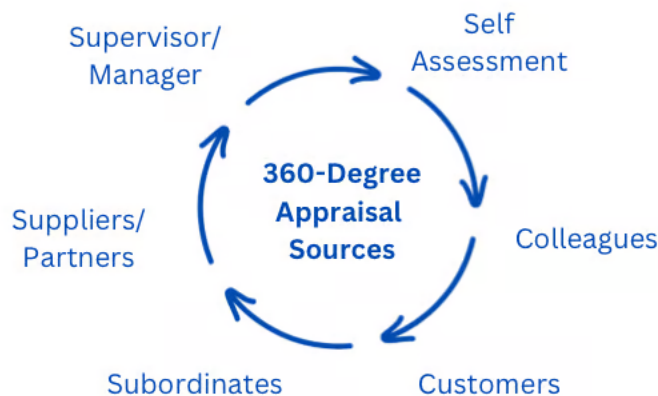




## 360 Degree Feedback

- 360 Degree feedback provides employees with **feedback from within and outside their organisation**
  - Feedback comes from multiple **stakeholders who have direct contact** with the employee
  - Stakeholders may include line managers, colleagues, suppliers and customers

### Diagram Which Illustrates the 360 Degree Feedback Process



**360 degree feedback can be collected from a range of internal and external sources**

- Feedback can be gathered from a range of internal and external sources
  - Feedback is typically gathered through **surveys or questionnaires**
  - Responses are usually **anonymised** to encourage honest feedback
  - After feedback is collected it is **shared with the employee** in the appraisal process
- It is considered to provide a **comprehensive assessment** of an individual's strengths, weaknesses and training/development needs

## The Main Uses of 360 Degree Feedback

Performance Appraisal	Personal Development
<ul style="list-style-type: none"> <li>Evaluate an employee's performance and contributions</li> </ul>	<ul style="list-style-type: none"> <li>Identify areas for improvement and help employees improve their skills</li> </ul>
Career Development	Leadership and Management Development
<ul style="list-style-type: none"> <li>Assist individuals in career planning and advancement within the organisation</li> </ul>	<ul style="list-style-type: none"> <li>Assess and develop leadership and managerial skills</li> </ul>

- 360 Degree feedback can be a **valuable tool** when used effectively
  - It should be implemented carefully to ensure that it **serves its intended purpose** and does not lead to conflicts or resentment
  - It is essential to have a **clear process for collecting, analysing and providing feedback** and to use the information obtained for employee development

YOUR NOTES





## Self-appraisal

- Self-appraisal involves employees **evaluating their own performance**, skills, strengths, weaknesses and achievements
- It is commonly used in the workplace as **part of the performance management** process
- Self-appraisal is typically **used alongside evaluations from managers or supervisors** to provide a comprehensive view of an individual's performance

## Typical Elements of Self-Appraisal

Element	Explanation
Achievements	<ul style="list-style-type: none"><li>• Employee describes accomplishments and contributions <b>made during a specific period</b><ul style="list-style-type: none"><li>◦ This may include projects completed, goals met or tasks successfully accomplished</li></ul></li></ul>
Strengths	<ul style="list-style-type: none"><li>• Employee <b>identifies strengths, skills and capabilities</b> that have been valuable to the organisation</li></ul>
Areas for Improvement	<ul style="list-style-type: none"><li>• Weaknesses or areas where the worker <b>believes they can make positive changes</b> are identified<ul style="list-style-type: none"><li>◦ This may include acquiring new skills, addressing specific shortcomings or improving behaviours</li></ul></li></ul>
Goals & Development Plans	<ul style="list-style-type: none"><li>• Set goals for future improvement and outline plans to achieve them<ul style="list-style-type: none"><li>◦ This may include training or skills development</li></ul></li></ul>
Self-Reflection	<ul style="list-style-type: none"><li>• Employee reflects on their overall performance<ul style="list-style-type: none"><li>◦ Evaluates how it aligns with organisational goals/values</li></ul></li></ul>

## The Value of Employee Self Appraisals

- The process can lead to increased **self-awareness**
- The process provides an opportunity for employees to share their perspectives and goals with their supervisors, which can promote **open dialogue**
- The process identifies areas that need improvement and by setting clear goals for the future, it supports professional **growth and development**
- The process can balance out the evaluation process as it allows employees to express their viewpoints and **provide context/balance**

## Methods of Recruitment

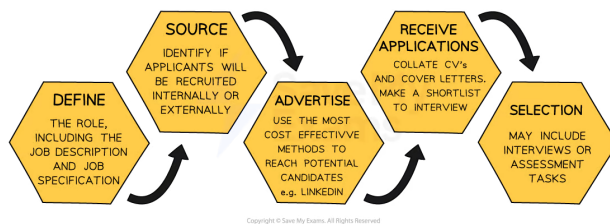
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### An Introduction to Recruitment

- **Recruitment** is the process of attracting and identifying potential job candidates who are suitable for a particular role
  - Recruitment activities include **job advertising, job fairs, social media outreach and referrals** from current employees
  - The goal of recruitment is to **create a pool of qualified candidates** who can be considered for the role
- **Selection** is the process of choosing the best candidate
  - Selection activities often involve **reviewing CVs** and **conducting interviews** or assessment tasks
  - The goal of selection is to hire the **most suitable candidate** for the job

### Diagram Which Illustrates the Recruitment and Selection Process



*The recruitment and selection process is focused on sourcing the best person for a job role*

## 1. Define the role

- Businesses should determine exactly what is required and part of that is developing a job description and a person/job specification
  - **A job specification** outlines the qualifications, skills, experience, and personal qualities required **from a candidate** for a specific job e.g. problem solver, good communicator, able to code in Java etc.
  - **A job description** outlines the duties, responsibilities, and requirements of a particular job

## 2. Determine the best source of candidates

- The business can advertise the role internally, externally, or a combination of both
  - **Internal recruitment** is the process of hiring employees from within the organisation
    - Internal recruitment can be beneficial as it encourages employee development, builds morale and can save time and money on training
  - **External recruitment** is the process of hiring employees from outside the organisation
    - External recruitment can bring fresh ideas, experiences and perspectives to the organization

- These methods are considered in more detail below

### 3. Advertise

- Businesses with a strong social media presence can use these platforms to advertise cost effectively e.g. Facebook, LinkedIn, TikTok
- Depending on the nature of the business, there may be **specialist recruitment portals** through which they can advertise and these tend to **cost more** e.g. The Times Educational Supplement is one of the main publications used to recruit teaching staff

### 4. Receive applications

- The application stage involves **collecting information** from potential candidates
- These methods are discussed fully below
- Someone within the business must be nominated to manage the application process
  - This person (possibly together with others) will draw up a **shortlist** of candidates from the many applications received
  - The shortlist usually includes 3–5 candidates who are **invited to interview**

### 5. The selection process

- This process varies significantly between organisations
- Businesses must decide on the **most appropriate method** which will help them to identify the best candidate
- The most commonly used methods are discussed fully below

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## Internal & External Recruitment

- Businesses often use a **combination of internal and external recruitment methods**, depending on the **nature of the job** and the **availability of suitable candidates**
- The method chosen will also depend on the **organisation's goals**, the **level of the position** being filled and the **industry** in which it operates

## Internal Recruitment Methods

- Internal recruitment involves the **promotion** or **redeployment** of staff to fill a vacant post
- Vacancies are advertised internally on **staff notice boards**, in **newsletters** or via **in-house electronic communications**
- Recruiting internally has a range of advantages and disadvantages

### Advantages and Disadvantages of Internal Recruitment

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Internal candidates are <b>already familiar with business culture and processes</b><ul style="list-style-type: none"><li>◦ Can adapt to the role quickly</li><li>◦ Little need for induction training</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Can lead to <b>conflict</b> or <b>resentment</b><ul style="list-style-type: none"><li>◦ May affect <b>motivation</b> and <b>working relationships</b> between successful/rejected internal candidates</li></ul></li></ul>
<ul style="list-style-type: none"><li>• Business has a good <b>understanding of the candidate's strengths, weaknesses, skills &amp; aptitudes</b><ul style="list-style-type: none"><li>◦ <b>Less risky</b> than employing an external candidate whose abilities are less well-known</li></ul></li></ul>	<ul style="list-style-type: none"><li>• A <b>further vacancy is created</b> when an employee is promoted/redeployed<ul style="list-style-type: none"><li>◦ External recruitment may be necessary to fill vacated job roles</li></ul></li></ul>
<ul style="list-style-type: none"><li>• <b>Opportunities to progress</b> can be <b>motivating</b> for existing employees<ul style="list-style-type: none"><li>◦ Improves <b>loyalty &amp; commitment</b></li></ul></li></ul>	<ul style="list-style-type: none"><li>• A <b>limited number of suitable applicants</b> may be available internally</li></ul>
<ul style="list-style-type: none"><li>• <b>Cheaper</b> and <b>quicker</b> to promote or redeploy existing staff rather than recruit externally</li></ul>	<ul style="list-style-type: none"><li>• Missed opportunity to inject <b>new ideas, experience</b> or <b>skills</b> into the business</li></ul>

## External Recruitment Methods

- If a vacancy cannot be filled internally it will be necessary to look **outside of the business** to find suitable candidates
  - **New skills, experiences and ideas** can be introduced to the business

- Some methods are **expensive** and it can be **difficult to target** the desired audience

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### A Comparison of External Recruitment Methods

Method	Explanation
Referrals/Personal Recommendations	<ul style="list-style-type: none"><li>• Current employees may recommend a suitable candidate for a vacancy</li><li>• Employees may be <b>rewarded</b> if a candidate is successfully appointed</li></ul>
Online Advertising	<ul style="list-style-type: none"><li>• Vacancies can be advertised on a businesses <b>own website</b> or on a <b>specialist recruitment website</b> such as Glassdoor or CharityJobs.com</li><li>• This method is relatively low-costs with a wide reach</li></ul>
Newspaper Advertising	<ul style="list-style-type: none"><li>• Adverts to <b>attract local candidates</b> can be placed in district or regional newspapers</li><li>• <b>High-profile vacancies</b> such as public sector roles may be advertised in national newspapers</li><li>• Although relatively <b>expensive</b> these adverts can be <b>highly targeted</b></li></ul>
Specialist Trade Publications	<ul style="list-style-type: none"><li>• Roles are advertised in magazines or newsletters commonly read by <b>professionals in a particular industry</b></li><li>• Example include fashion industry journal <i>Drapers</i> and education journal <i>The Times Educational Supplement (TES)</i></li></ul>
Employment Agencies	<ul style="list-style-type: none"><li>• Specialist recruitment agents <b>advertise roles on behalf of the business</b></li><li>• Some also conduct interviews or other selection activities</li><li>• A recruitment <b>fee is charged</b> when the business appoints a candidate</li></ul>
Headhunting	<ul style="list-style-type: none"><li>• A headhunting agency makes attractive <b>approaches to highly-qualified specialists</b> in a particular industry/with desired skills, experience or knowledge</li><li>• A <b>significant fee</b> is payable once a candidate is appointed</li></ul>
Job Centres	<ul style="list-style-type: none"><li>• Low level vacancies can be advertised <b>free of charge</b> in <b>government-funded centres</b> and increasingly online</li></ul>



### Careers Fairs

- Events often hosted by **universities or industry bodies** to promote available opportunities
- Attract significant numbers of **highly-qualified, interested candidates**

- External recruitment **overcomes some of the disadvantages of internal recruitment**
- However it is often **more expensive** than internal recruitment
- There is also a **greater degree of uncertainty** as external candidates are unknown to the business

## Applying for a Job

- Both internal and external candidates typically apply for advertised roles by submitting an **application form**
- Alternatively candidates are asked to submit a **curriculum vitae (CV)** with an accompanying **cover letter**

Application Form	Curriculum Vitae (CV)	Covering Letter
<ul style="list-style-type: none"> <li>• A <b>standardised</b> form <b>designed by the recruiter</b> to collect the same details from each candidate</li> <li>• Responses are collected in a <b>consistent format</b> and comparison is straightforward</li> <li>• A large volume of candidates can be <b>narrowed down</b> for interview</li> </ul>	<ul style="list-style-type: none"> <li>• A <b>professional document compiled by the applicant</b></li> <li>• Details <b>career experience</b>, key <b>skills</b> and <b>strengths</b></li> <li>• Includes <b>qualifications</b> and character/professional <b>referees</b></li> <li>• Provides <b>contact details</b> for the recruiter to get in touch with the applicant</li> </ul>	<ul style="list-style-type: none"> <li>• A letter that <b>accompanies the candidate's application</b> form or CV</li> <li>• Gives <b>reasons for submitting</b> an application</li> <li>• Draws attention to the <b>applicant's particular suitability</b> for the role</li> <li>• Allows recruiters to <b>sift applications</b> without having to compare detailed application forms/CVs</li> </ul>

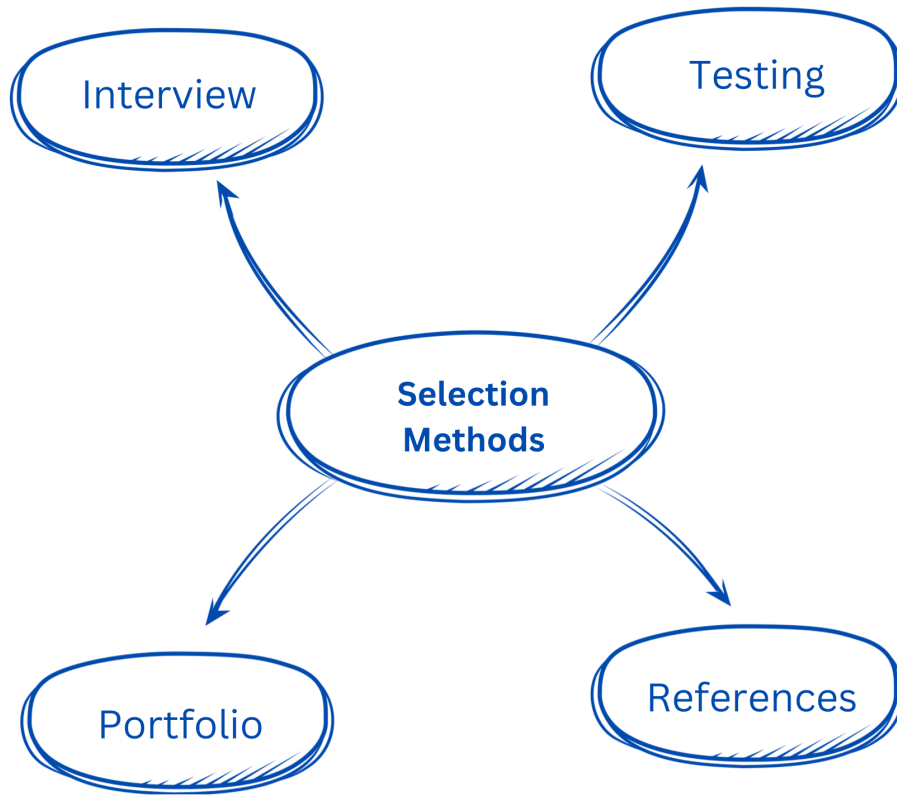
## Selecting the Right Candidate

- A range of methods may be used to **make a choice** between job applicants
- Business commonly use a **combination** of these methods

## Diagram that Shows a Range of Common Selection Methods



YOUR NOTES



*Businesses commonly use interviews to select their chosen candidate alongside testing, portfolio reviews and gathering references*

Interview	Testing
<ul style="list-style-type: none"> <li>A structured <b>meeting</b> between a candidate and a potential employer</li> <li>Can be conducted <b>in-person</b>, by <b>telephone</b> or <b>online</b></li> <li>Its purpose is to assess the candidate's <b>qualifications, skills, experience and suitability</b> for a particular job or role within the business</li> </ul>	<ul style="list-style-type: none"> <li>Pre-employment <b>assessments</b> that can assess candidate integrity, suitability for the job, aptitude or specific skills</li> <li>Can help a business to gauge whether a candidate would be a <b>good fit</b> within the existing team</li> <li>They can assess <b>problem-solving and critical thinking skills</b> giving employers an idea of a candidate's <b>potential</b></li> </ul>
Portfolio	References

- |  |  |
|--|--|
| <ul style="list-style-type: none"><li>• Candidates are required to <b>submit a selection of their best work</b> for recruiters to review</li><li>• This is commonly used to select candidates for <b>creative or artistic roles</b></li><li>• Businesses can identify whether a candidate's <b>experience and style</b> would be <b>a good fit</b> with its own approach</li></ul> | <ul style="list-style-type: none"><li>• Referees <b>vouch for a candidate's</b> skills, work ethic and overall suitability for the position</li><li>• Referees should know candidates in a <b>professional capacity</b> and be able to speak positively about their abilities</li><li>• Referees are usually <b>listed on the application form or CV</b></li></ul> |
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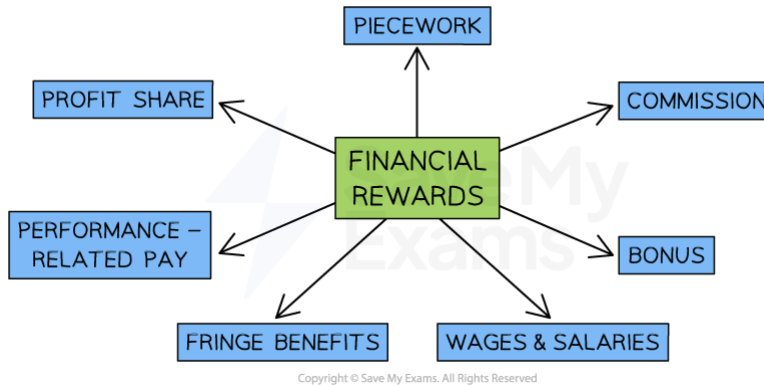
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## Types of Financial Rewards

### Financial Rewards to Improve Performance

- Financial rewards are payments **given to employees in return for their labour** – or improved performance



*Examples of financial rewards*

### Types of Financial Incentives & Their Links to Motivational Theory

Incentive Type	Explanation	Link to Motivational Theories
<b>Piecework</b>	<ul style="list-style-type: none"> <li>Employees are paid according to the <b>number of units</b> or pieces they produce</li> <li>Commonly used in <b>manufacturing or assembly-line</b> settings and encourages workers to increase their output e.g. garment factories in Bangladesh use this</li> </ul>	<ul style="list-style-type: none"> <li>Taylor's Scientific management</li> </ul>
<b>Commission</b>	<ul style="list-style-type: none"> <li>A percentage of <b>sales revenue</b> paid to workers who sell products or services</li> <li>Commonly used in sales roles and motivates staff to <b>increase their sales revenue</b></li> </ul>	<ul style="list-style-type: none"> <li>Hygiene factor in <b>Hertzberg's Theory</b></li> <li>Connects to <i>Esteem Needs</i> in <b>Maslow's Hierarchy</b> (salesperson of the month)</li> </ul>

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<b>Bonus</b>	<ul style="list-style-type: none"> <li>An additional payment is given to staff as a reward for achieving specific goals, completing projects on time, or <b>exceeding performance expectations</b></li> <li>Motivates staff to work harder and achieve better results</li> </ul>	<ul style="list-style-type: none"> <li>Connects to <i>Esteem Needs</i> in <b>Maslow's Hierarchy</b> (achievement)</li> <li><b>Herzberg believed that bonuses</b> as the main form of payment would <b>negatively influence individual behaviour</b> in the workplace (this was part of the problem in the banking industry leading up to the 2008 financial crash)</li> </ul>
<b>Profit share</b>	<ul style="list-style-type: none"> <li>A portion of the company's profits are distributed among staff</li> <li>This <b>encourages them to think like owners, work collaboratively</b> and focus on the company's overall goals</li> </ul>	<ul style="list-style-type: none"> <li><b>Motivator in Herzberg's Theory</b> as it creates <b>buy in to increased responsibility</b> (help the organisation succeed; be an owner)</li> </ul>
<b>Performance-related pay</b>	<ul style="list-style-type: none"> <li>Staff are paid based on their performance which (theoretically) motivates staff to <b>work harder</b> and achieve better results</li> <li>This form of payment has been <b>severely criticised</b> as discriminatory and open to abuse by managers</li> </ul>	<ul style="list-style-type: none"> <li><b>Hygiene Factor in Herzberg's theory</b> - and has been proven to <b>cause significant dissatisfaction</b> when utilised</li> </ul>
<b>Fringe Benefits</b>	<ul style="list-style-type: none"> <li>Financial rewards received by employees <b>other than wages or salary</b> such as medical insurance, a company vehicle or private pension plan</li> </ul>	<ul style="list-style-type: none"> <li>Fringe benefits may link to <b>ego needs</b> in <b>Maslow's hierarchy of needs</b> especially if they are linked to employees' position in the organisational hierarchy</li> </ul>

<b>Wages &amp; Salaries</b>	<ul style="list-style-type: none"><li>• <b>Wages</b> are usually paid to workers on the basis of <b>hours worked</b> (time rate) or <b>items produced</b> (piece rate)</li><li>• <b>Salaries</b> are expressed on an <b>annual</b> basis and workers are paid a proportion on a periodic basis (usually each month)</li></ul>	<ul style="list-style-type: none"><li>• Connects to <b>safety needs</b> in <b>Maslow's hierarchy of needs</b> and acts as a <b>hygiene factor</b> in <b>Hertzberg's</b> two-factor theory</li><li>• <b>Equitable</b> and sufficient pay is required to avoid staff dissatisfaction and retain workers</li></ul>
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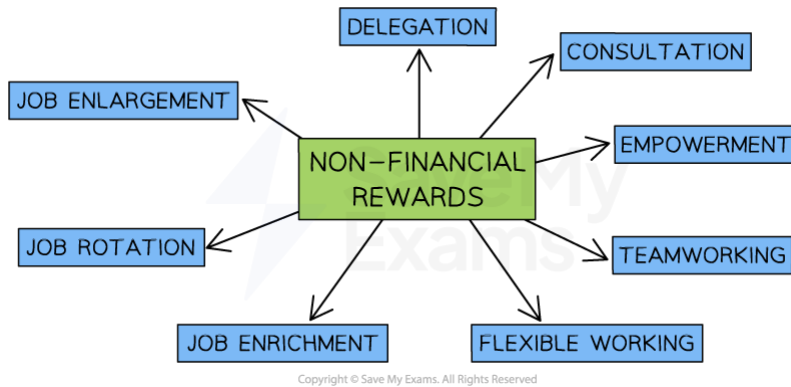
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## Types of Non-financial Rewards

### Non-financial Rewards to Improve Performance

- Non-financial **rewards** are **motivators** not directly related to money



#### Examples of non-financial rewards

- These incentives are usually intangible and include **methods that lead to** recognition, praise, job satisfaction, and better work-life balance

### Types of Non-financial Incentives & Their Links to Motivational Theory

Incentive Type	Explanation	Link to Motivational Theories
<b>Empowerment</b>	<ul style="list-style-type: none"> <li>Involves giving staff the <b>authority and resources to make decisions</b> and take action without first receiving management approval</li> <li>Increases staff sense of <b>ownership and responsibility</b>, leading to improved productivity</li> </ul>	<ul style="list-style-type: none"> <li>Maslow's 'Esteem' Needs as staff contribution is valued</li> <li>A 'motivator' in Herzberg's Two Factor Theory (increase in responsibility)</li> </ul>
<b>Team working</b>	<ul style="list-style-type: none"> <li>Involves creating opportunities for staff to <b>work collaboratively</b></li> <li>Staff can <b>share ideas and expertise</b>, leading to improved productivity and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Maslow's <i>Love &amp; Belonging</i>, as well as Esteem Needs</li> </ul>

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<b>Job enrichment</b>	<ul style="list-style-type: none"> <li>Involves adding more <b>challenging or meaningful tasks</b> to a job</li> <li>Staff feel more motivated and engaged, leading to improved productivity</li> </ul>	<ul style="list-style-type: none"> <li>A 'motivator' in Herzberg's Two Factor Theory</li> </ul>
<b>Job rotation</b>	<ul style="list-style-type: none"> <li>Involves moving staff between different roles in the business</li> <li>Exposes staff to <b>new challenges and experiences</b> which can increase motivation, understanding and skill</li> </ul>	<ul style="list-style-type: none"> <li>A 'motivator' in Herzberg's Two Factor Theory (the work itself)</li> </ul>
<b>Job enlargement</b>	<ul style="list-style-type: none"> <li>Involves <b>expanding staff's job duties</b> to include additional tasks or responsibilities</li> <li>Engaging with a <b>variety of tasks</b> can increase motivation and job satisfaction, leading to improved productivity</li> </ul>	<ul style="list-style-type: none"> <li>Mayo's Human Relations Theory as it encourages the development of staff</li> <li>A 'motivator' in Herzberg's Two factor Theory (the work itself)</li> </ul>



### Exam Tip

When asked to assess a compensation package on offer, consider the following before answering:

- The context of the business:** Is it a manufacturing facility or a team of creative designers?
- The Industry norms:** Does the data provide any insight into what competitors are doing?
- The balance of the compensation package:** ideally it should include appropriate financial and non-financial incentives to maximise employee productivity and retention.

The case study usually provides good data which helps you to answer the above questions so refer to it as supporting evidence.

## Types of Training

### Reasons why Firms Train & Develop Their Employees

- Businesses need to make sure that new and existing staff are trained and developed appropriately
  - Training is the teaching of **new skills**
  - Development is the **improvement** of **existing skills**
- A well-trained workforce is important for several reasons
  - Well-trained staff are likely to be more **productive**
  - Staff may feel **valued** if a business invests in training and development
  - Staff are more likely to be **flexible** and **resilient** in the face of change



### *Reasons for training and development*

- Well-trained employees are likely to be **motivated** because they recognise that their **employer is spending money** on their development
- Motivation theory suggests that employees **work more enthusiastically at the things they're good at**
  - if employees are **trained in managing quality** they are more likely to think about how to improve the standard of the goods they produce
- If motivation is improved through better training **labour retention** is also likely to increase
  - If an employee feels they're becoming better at their job they are far more likely to stay with the business even if another employee is offering higher rates of pay because they want to **keep developing** in the job they have

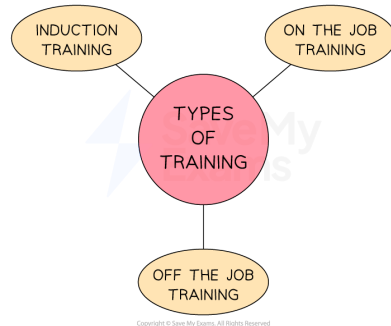
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## Types of Training Provided by Businesses

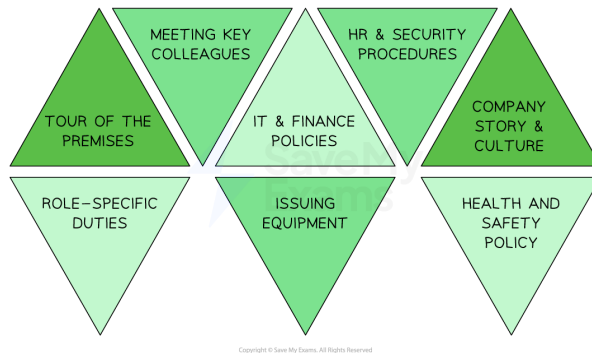
- Different **types of training** have their advantages and disadvantages for the business



*Three common types of training that businesses put their new employees through*

### Induction training

- Induction training is a type of training that **new employees receive** when they start working for a company



#### *Common elements of induction training*

- It introduces them to the company, its culture, policies, procedures, and their job roles and responsibilities
  - E.g. when new employee joins Marks & Spencer they receive induction training that covers customer service, product knowledge, store policies, and safety procedures

### The Advantages & Disadvantages of Induction Training

Advantages	Disadvantages
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YOUR NOTES



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<ul style="list-style-type: none"> <li>Helps new employees to <b>understand their job roles</b> and responsibilities</li> <li>Introduces employees to the company culture, policies, and procedures</li> <li>Improves employee confidence and motivation</li> <li><b>Reduces the time</b> taken for new employees to become <b>productive</b></li> </ul>	<ul style="list-style-type: none"> <li>Can be time-consuming and <b>expensive to organise</b></li> <li>May not cover all aspects of the job role</li> <li>May not be effective in all cases, <b>leading to employee dissatisfaction</b> and higher turnover rates</li> </ul>
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## On the job training

- A type of training that takes place **while employees are working** in their job roles
- It allows employees to **learn new skills and knowledge** from colleagues while performing their job duties
  - E.g. A sous chef at The Ivy Restaurant in York may receive **on-the-job training from the Chef** to learn how to prepare new dishes, **use new equipment**, or improve their cooking techniques

### The Advantages & Disadvantages of On the Job Training

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Employees learn new skills and knowledge while performing their job duties</li> <li><b>Training is tailored</b> to the employee's specific job role and responsibilities</li> <li>Training is often <b>more practical and relevant</b> to the employee's job duties</li> <li><b>Can be cost-effective</b> as it takes place during working hours</li> </ul>	<ul style="list-style-type: none"> <li>Employees may make mistakes while learning, which can <b>impact productivity and quality</b></li> <li>Can be disruptive to the workplace as it <b>requires the trainer to devote time</b> to training the employee</li> <li>May not be effective in all cases, leading to <b>employee dissatisfaction</b> and higher turnover rates</li> </ul>

## Off the job training

- A type of training that takes place **outside of the workplace**
- It can be in the form of workshops, seminars, conferences, or online courses
  - E.g. Teachers can attend exam board training days at which they learn how to better teach the syllabus and help their students to prepare for their exams

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### The Advantages & Disadvantages of Off-the-Job Training

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Employees learn new skills and knowledge outside of the workplace, which can <b>bring fresh ideas and perspectives</b> to the workplace</li><li>• <b>Training can be tailored</b> to the employee's specific needs and interests</li><li>• Training can be <b>used as a reward</b> or incentive for high-performing employees</li><li>• <b>Can be cost-effective</b> if training is provided online or through webinars</li></ul>	<ul style="list-style-type: none"><li>• Can be expensive to organise, especially if <b>travel and accommodation</b> are required</li><li>• Employees may <b>miss work</b> while attending training, which can impact productivity</li><li>• The training <b>may not be directly applicable</b> to the employee's job role or the needs of the firm</li></ul>

