

Human Resource Management

A-Level Business ■ Topic 2

A-Level Business



What we will cover

- 1 What HRM does
- 2 Recruitment & training
- 3 Measuring the workforce
- 4 Motivation theories
- 5 Management & leadership
- 6 Recap

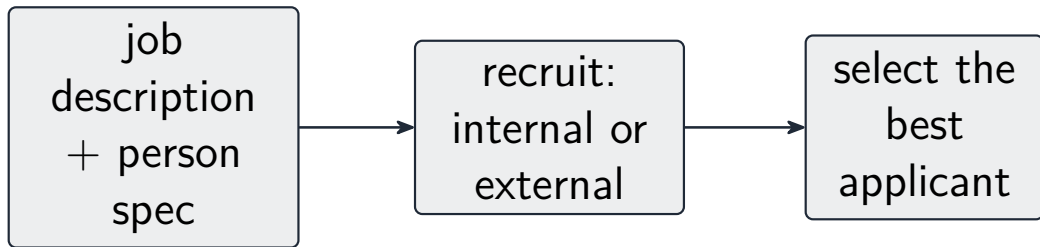




What HRM does

Human resource management looks after the firm's people:

- **workforce planning** – staff & skills needed
- **recruitment & selection**
- **training & development**



Recruitment and training

Write a **job description** & **person specification** ; recruit **internally** or **externally** .
Internal recruitment is cheaper and faster and the person is known, but brings no new ideas;
external recruitment does the opposite. Select by application form and CV, **interviews** , tests
and group tasks. Training: **induction** , **on-the-job** , **off-the-job** .

induction

for new staff —
learn how the
firm works

on-the-job

learn while
doing
the real job

off-the-job

learn away
from work
(e.g. a course)

Choosing between applicants

Person specification

Sets out the **qualifications**, skills and experience the job needs – essential against desirable.

Job description

Sets out the duties, the responsibilities and who the post reports to.

Selection

Application, shortlist, interview, test, references. Each stage removes people the previous one could not.

The two documents do different jobs: one describes the *work*, the other the *person*. Confusing them is what produces a bad appointment.

Ending employment

- **redundancy** happens when the job itself is no longer needed – for example, when a machine replaces it. It is not the worker's fault.
- **dismissal** happens when a worker is made to leave because of poor work or bad behaviour.

Rights and managing change

The **employer** must follow the law on pay, safety, working hours and unfair dismissal.

The **employee** must work as agreed and follow safe, fair rules.

Training, and managing change

induction training

for **new** staff – the business, the role, and the safety rules

on-the-job training

learning while doing, beside an experienced worker – cheap, but it can pass on bad habits

off-the-job training

away from the workplace – expert teaching, at a higher cost

management of change

planning **how** to introduce new technology, new markets, or **restructuring**

why people resist

fear of losing a job, status or familiar routine – rarely the change itself

how to reduce it

explain why, involve staff early, train, and phase it in

Resistance is a **communication** problem more often than a stubbornness problem. Every change-management answer should say what was explained, and to whom.

Measuring the workforce

labour turnover

$$\frac{\text{staff leaving}}{\text{average employed}} \times 100\%$$

labour productivity

$$\frac{\text{total output}}{\text{number of employees}}$$

High turnover signals low pay or poor motivation; high productivity lowers unit cost.
(**Redundancy** $\neq$ **dismissal** .)



Theories of motivation

Taylor:
money/**piece rate**

Mayo: hu-
man relations

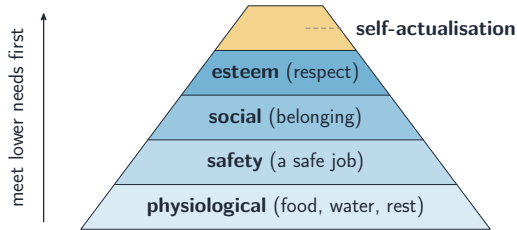
Maslow:
hierarchy

Herzberg:
two factors

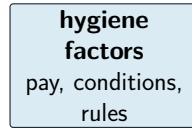
McClelland: 3 needs

Vroom:
expectancy

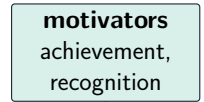
Maslow and Herzberg



meet lower needs first



if poor $\Rightarrow$
staff unhappy
(good ones still
do not motivate)



give real,
lasting motivation

hygiene vs motivators

Hygiene factors stop unhappiness; only **motivators** give lasting motivation.

Two theories, and what each says to do

Maslow's hierarchy

Physiological needs first, then safety, then social, then **esteem needs** – **recognition** and **achievement** – and finally **self-actualisation** .

Herzberg

The **two-factor theory** : hygiene factors (pay, conditions, supervision) remove dissatisfaction; only motivators (achievement, responsibility, the work itself) create satisfaction.

Taylor

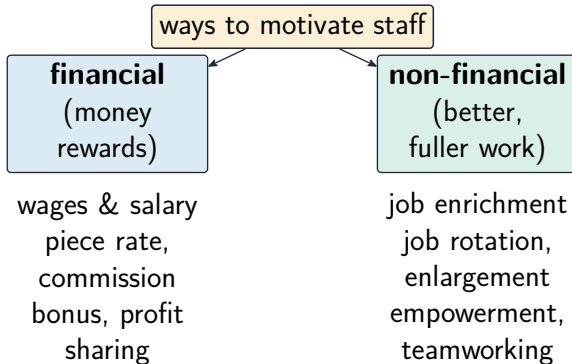
Scientific management : study the task, standardise it, and pay by output. Effective, and it treats motivation as arithmetic.

Vroom

Expectancy theory : effort follows from believing that effort → performance → a reward the person actually wants.

Each theory implies a different action: Maslow says find the level, Herzberg says stop confusing pay with motivation, Vroom says check the person values the reward.

Financial and non-financial motivators



- **financial** : salary ,
commission , bonus , profit
sharing
- **non-financial** : job
enrichment , rotation,
empowerment ,
teamworking

The non-financial motivators

non-financial motivators

reward staff **without extra money**, by making work more interesting and giving more control

job enrichment

more **challenging** tasks and more responsibility – vertical

job enlargement

more tasks at the **same** level – horizontal

job rotation

moving between different tasks to reduce boredom

empowerment

letting staff decide how the work is done

teamworking

meeting the social needs Maslow places in the middle of the hierarchy

Enrichment adds **depth**, enlargement adds **width**. Confusing the two is the standard lost mark here.

The financial motivators

wages

pay by the hour or week, often for **manual work**

salary

a fixed yearly amount, paid monthly

commission

pay based on **how much you sell**

bonus

an extra payment for good results

performance-related pay

extra pay for those who meet targets

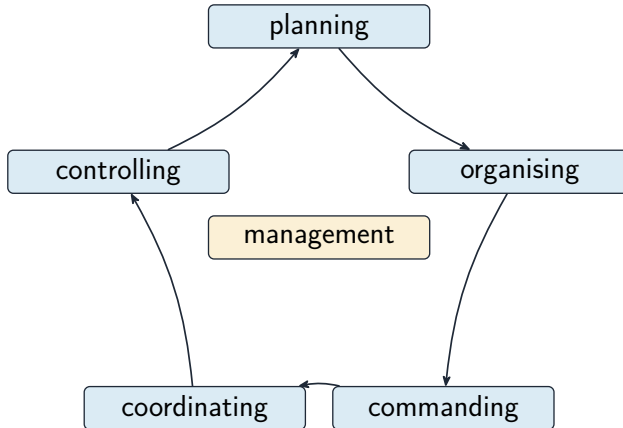
fringe benefits

non-cash extras – a company car, health care, a pension

Herzberg's point is that pay is a **hygiene factor**: too little demotivates, but more of it does not motivate for long.



Management functions



Fayol's five functions: **planning** , **organising** , commanding, **coordinating** , controlling. **Mintzberg**: managers also play ten **roles** (interpersonal, informational, decisional).

Fayol's five functions of management

planning

set objectives and decide how to reach them

organising

arrange the resources and people needed

commanding

give clear instructions and guidance

coordinating

make sure all parts of the business work together

controlling

check results against the plan, and correct problems

Management is about **the system**; leadership is about **the people**. A manager can plan and control without ever inspiring anyone – which is why both words exist.

Leadership vs management

- a **manager** plans, organises, controls
- a **leader** sets a **vision** and inspires change

The best people do both.

the best managers are also good leaders

manager

plans, organises
and controls the
day-to-day work

leader

sets a vision,
inspires people
and guides change

Theories of motivation, continued



Maslow's hierarchy of needs, with workplace examples at each level.

Exam tips

- Calculate and interpret **labour turnover** and **labour productivity**; high turnover raises recruitment and training costs.
- Link a **motivation theory** to a method: Maslow (needs), Herzberg (hygiene vs motivators), Taylor (pay).
- Distinguish **financial** (piece rate, bonus) from **non-financial** (job enrichment, empowerment) motivators.
- Distinguish **leadership from management** and match a style (autocratic, democratic, laissez-faire) to the situation.



Worked example – labour turnover

A firm employs 200 people on average and 30 leave during the year. Find its labour turnover.

- Labour turnover
= $\frac{\text{staff leaving}}{\text{average number employed}} \times 100$
- = $\frac{30}{200} \times 100 = 15\%$
- High turnover raises **recruitment and training** costs and loses experience.
- But **some** turnover is healthy – it brings in new ideas.

Judge the figure **in context**: 15% is high for engineering, low for fast food. Always compare with the **industry average** before calling it a problem.

Topic 2 – key takeaways

1

HRM

plan, recruit, train, develop staff

2

Measures

labour turnover & productivity

3

Motivation

Maslow's needs; Herzberg's two factors

4

Management

Fayol's five functions; leaders set vision

Check yourself

- 1 Internal or external recruitment brings new ideas?
- 2 Which Herzberg group only stops unhappiness?
- 3 Name one non-financial motivator.
- 4 What does a leader provide that a manager may not?



Answers 1. external 2. hygiene factors 3. job enrichment / rotation / empowerment
4. vision & inspiration