Human resource management

IB DP Business Management Unit 2 Human resource management full package

Why trust the lowest-paid workers?

> The people in a business: organised, led, motivated and kept.

- Haidilao's waiters can give a free dish or a discount without asking a manager.
- Google, Haidilao and others spend large sums on benefits, **training** and team events.
- How people are organised, led, motivated and kept.

Labour turnover

1. **Data** Average staff 80; 12 leave in a year.
2. **Calculate** 12 / 80 x 100 = 15%.
3. **Cost** Recruiting and **training** replacements; lost skills and customer knowledge.

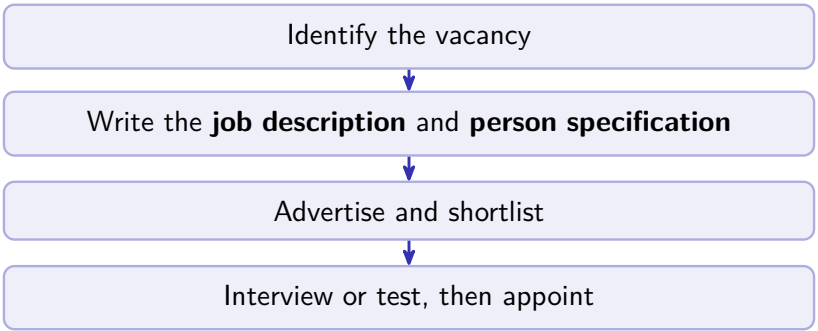
Decision

Some turnover is healthy - new staff bring new ideas.

What changes the workforce plan

External factor	Example
demographic change	an ageing workforce
labour mobility	how easily workers move between jobs and places
migration	workers coming from or going to other countries
flexi-time and teleworking	choosing when to work; working from home
the gig economy	short jobs paid task by task, like delivery riders

Recruiting step by step



Training, appraisal and leaving

Type	What it is
induction training	introduces new staff to the firm, rules and people
on- / off-the-job	learning while working, or away, such as a college course
formative **appraisal**	ongoing feedback to help the person improve
summative appraisal	a final judgement for a period, often linked to pay
360-degree appraisal	feedback from managers, colleagues, juniors, customers

Why workers resist change

Reason	What the worker thinks
self-interest	I may lose pay, status or my job
low tolerance of change	I want security and routine
misinformation	I do not know the real reasons
different interpretation	I judge the situation differently from managers

Tall or flat?

Feature	**Tall**	**Flat**
levels	many	few
span of control	narrow	wide
communication	slow, through many levels	fast and direct
supervision	close	less close - needs trust
cost of managers	high	low

Adding a level at the repair business

1. **Before** Three levels; each workshop manager supervises 18 or 19 mechanics.
2. **Change** A senior mechanic in each workshop: four levels.
3. **After** Each senior mechanic supervises 9 or 10 people.

Decision

Training improves, but a complaint now passes through one more link.

Four ways to draw the chart

Structure	Arranged by	Watch out for
functional	departments: marketing, finance, operations, HR	departments working apart
product-based	a division for each product line	repeated work across divisions
regional	a division for each country or area	repeated work across regions
matrix	functions crossed with project teams	two bosses, different orders

Handy's shamrock

> A small permanent core, supported by contractors and flexible staff.

- HL: project-based organisations form teams for each project.
- The shamrock: core, **contractual fringe**, **flexible workforce**.

Five leadership styles

Style	How decisions are made	Works well when
autocratic	the leader decides alone	a crisis; quick decisions
paternalistic	the leader decides, in workers' interest	staff want security
democratic	the leader consults; the group shares	skilled staff, complex problems
laissez-faire	the workers decide	creative experts
situational	the style changes with task and people	most real businesses

Five content theories

Theory	**What motivates**
Taylor	money - **scientific management** and piece rates
Maslow	a **hierarchy of needs**, met from the bottom up
Herzberg	**motivators**; hygiene factors only prevent unhappiness
McClelland	achievement, affiliation or power
Deci and Ryan	autonomy, competence and relatedness

Herzberg's two factors

Hygiene factors

Pay, conditions, security, rules, relations with the boss.

If poor, workers are unhappy; fixing them does not motivate.

Motivators

Achievement, recognition, responsibility, interesting work, growth.

These create real **motivation**.

Expectancy: three links

> If any link is broken, extra effort seems pointless.

- HL **equity theory** (Adams): workers compare their inputs and rewards with others.
- HL **expectancy theory** (Vroom): if any link breaks, **motivation** falls.

Financial and non-financial rewards

Financial

Salary; **wages** by time or **piece rate**; commission.

Profit- and performance-related pay; share ownership; fringe payments.

Non-financial

Job enrichment, rotation and enlargement.

Empowerment, purpose and teamwork.

Fixing the turnover

1. **Diagnose** Late parts and pay disputes: hygiene failures (Herzberg); effort-reward link broken (expectancy).
2. **Fix** Parts on time; basic **salary** plus a team bonus; formative **appraisal**.
3. **Result** 6 leavers: 6 / 80 x 100 = 7.5% - six fewer replacements to pay for.

Handy's four cultures

Culture	What it is like
power	one person or small group at the centre; fast, but depends on them
role	clear jobs, rules and procedures; stable, slow to change
task	teams solve problems; expertise beats rank; flexible, hard to control
person	experts under one roof, like a law firm

A culture clash after a takeover

1. **The rival** A **role culture**: written procedures for every job.
2. **The repair business** A **task culture** of self-managing teams.
3. **The clash** New mechanics feel lost; original ones dislike the paperwork.
4. **The fix** A few written procedures, mixed teams, and clear explanation.

Formal, informal and the barriers

Formal communication

Official channels: meetings, reports, emails, notices.

In a tall structure, messages change as they pass through many levels.

Informal communication

Chats and rumours - the **grapevine**.

Fast, but often wrong.

When workers and employers disagree

Union method	What it means
collective bargaining	the union negotiates for all its members
work-to-rule	doing only exactly what the contract says
overtime ban	refusing extra hours
strike	stopping work completely

Conciliation or arbitration?

Conciliation

The third party helps the sides talk and reach their own agreement.

They own the decision, so they are more likely to accept it.

Arbitration

The third party hears both sides, then decides; binding **arbitration** must be accepted.

Faster and clear - but one side may feel it lost.

Check yourself

Your turn

Without notes,

A. Calculate turnover when 9 of an average 60 staff leave.
B. Pick a leadership style for a workshop fire, and say why.
C. Use expectancy theory to explain the piece-rate problem.
D. Choose conciliation or arbitration for a pay dispute.