

People in Business

IGCSE Business Studies ■ Topic 2

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What we will cover

- 1 Why motivation matters
- 2 Motivation theories
- 3 Methods of motivation
- 4 Organisation charts
- 5 Recruitment & selection
- 6 Communication

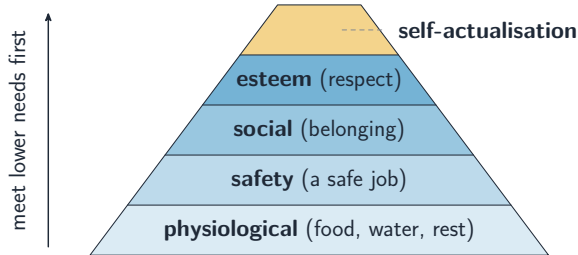


Why motivation matters



- higher **productivity** – each worker produces more,
- lower **absenteeism** – fewer workers stay away from work,
- lower **labour turnover** – fewer workers leave, so the business spends less time and money hiring and training new staff.

Motivation theories



Maslow says needs come in a **hierarchy of needs** – the pyramid is read from the bottom up.

A level only motivates once the level **below** it is already met.

So more money does nothing for a worker who is paid enough and is bored – that worker needs **esteem** or responsibility instead.

The three thinkers

Thinker	Main idea
Taylor	people work for money : pay them per item and they produce more
Maslow	needs come in a hierarchy ; each level must be met before the next motivates
Herzberg	hygiene factors (pay, conditions) stop dissatisfaction; only motivators (achievement, responsibility) actually motivate

Herzberg's point is the one that earns marks: raising pay removes a complaint, it does not create enthusiasm.

Financial methods, and what each pays for

Method	What it is
wage	regular pay, by hour or week
salary	a fixed yearly amount, paid monthly
piece rate	pay per item produced
commission	pay based on how much you sell
bonus	an extra for hitting a target
fringe benefits	a car, free meals, health care

Piece rate vs time rate

Anya: 210 items at £3 = £630

Ben: 40 hours at £12 = £480

A piece rate rewards **speed** and can cost quality; a time rate pays for **hours** and needs supervision.

Non-financial methods

job rotation

move between tasks,
so the work is less dull

job enrichment

harder tasks and more responsibility

teamworking

work in small groups,
so the job is social

training & promotion

a way to improve, and
a way to move up

These cost little and reach what money cannot – which is exactly Herzberg's motivators rather than his hygiene factors.

Methods of motivation

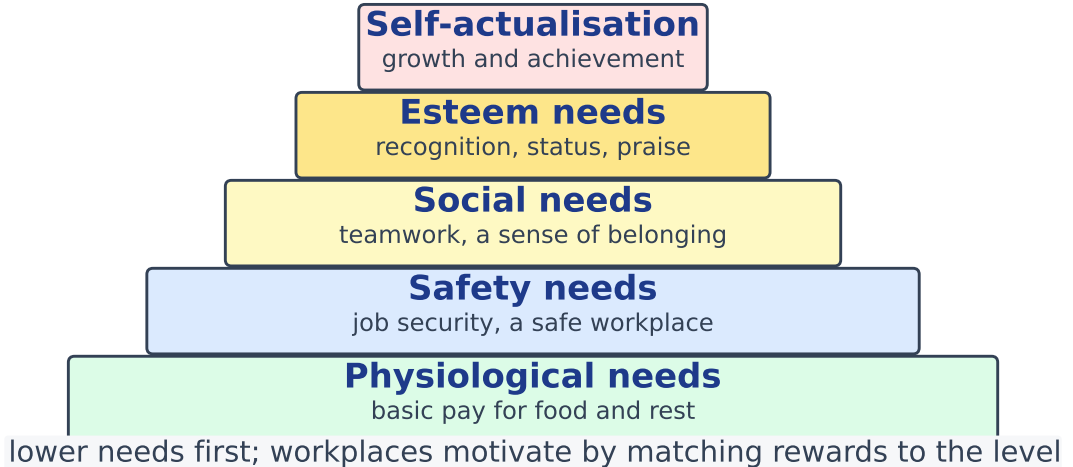
financial

wage , piece rate , commis-
sion , bonus , profit sharing

non-financial

job rotation , enrichment ,
autonomy , teamworking

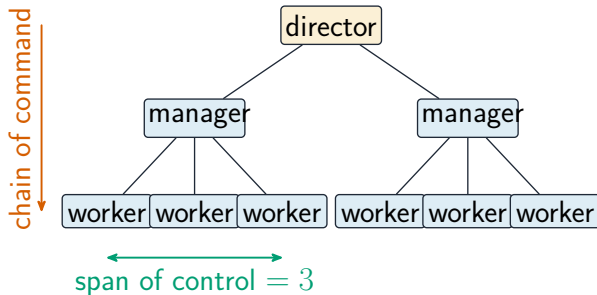
Methods of motivation, in detail



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



Organisation charts



An **organisation chart** shows who reports to whom:

- **hierarchy & chain of command**
- **span of control** – direct subordinates
- **delaying** removes a level

Recruitment and selection



Write a **job description** & **person specification**, advertise, shortlist, then interview. **Internal** (from within) is cheaper; **external** brings new ideas.

How a business chooses who to hire

application form

the business's own questions, so every applicant answers the same things

CV

a short summary of a person's education and work history, written by them

the interview

the commonest method – but it favours confident talkers over able workers

tests

aptitude, skills or personality tests, used alongside the interview

internal

cheaper and faster, the person is known – but it leaves another vacancy behind and brings no new ideas

external

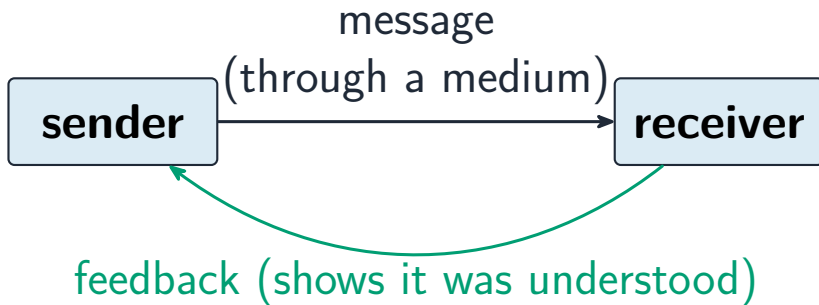
a wider choice and fresh ideas – but slower, dearer and riskier

Selection methods exist to **cut the risk of a wrong hire**, because replacing a worker costs far more than testing one.

Communication

A message goes from sender to receiver, who gives **feedback** .

Communication barriers (noise, unclear words, too long a chain) cause mistakes.



One-way, two-way, and what blocks both

good communication

information is sent, received and understood correctly

why it matters

workers know what to do, mistakes fall, and people feel involved

one-way

flows in one direction with no reply – a public notice, a memo

two-way

the receiver can reply and give feedback – usually better, because it checks understanding

a barrier

anything stopping a message getting through: the wrong medium, technical language, too long a chain, noise, or a receiver not paying attention

“Sent” is not “understood”. Every barrier question is answered by naming where in that chain the message was lost.

Who is talking to whom

Internal communication

Internal communication is between people inside the business – managers and employees , department to department.

External communication

External communication goes to customers, **suppliers** , banks and government.

One-way communication

One-way communication : a notice, an email, an announcement. Fast, with no way to check it was understood.

Two-way communication

Two-way communication invites a reply – a meeting, a call – so feedback arrives and misunderstanding is caught.

The chart

An **organisational chart** shows who reports to whom, and so where each message is meant to travel.

Choose the channel from the message: one-way for information, two-way for anything that needs agreement.

Organisation and management



The five functions of **management** : **planning** (set the aims and how to reach them), **organising** (arrange people and resources), **coordinating** (make the parts work together), **commanding** (instruct and guide) and **controlling** (check the targets are met).

Leadership styles, and when each fits

A **leadership style** is the way a manager leads people. No style is best – the question is always *which situation*:

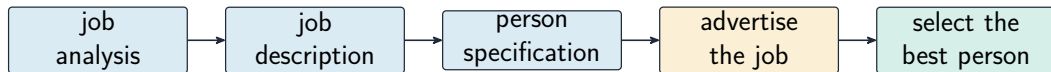
Style	How it works	Suits
autocratic	the leader decides alone and gives orders	a crisis, or new and un-trained staff
democratic	the leader asks staff for ideas before deciding	skilled staff who want a say
laissez-faire	the leader sets goals, then lets staff work freely	creative, expert teams

Trade unions

A **trade union** is a group of workers who join together to protect their shared interests.

A union can bargain for better pay and conditions, support a worker in a dispute, and push for safer work.

The recruitment process



Job analysis first – study what the job actually involves – then the job description and person specification follow from it. Skip that step and you advertise for the wrong person.

Recruiting inside or outside

Internal recruitment

Internal recruitment promotes someone already employed: cheaper, faster, and the person's record is known – but it leaves another vacancy and brings no new ideas.

External recruitment

External recruitment brings in new skills and outside experience, at the cost of a longer, dearer process and a slower start.

On-the-job training

On-the-job training teaches beside an experienced worker – cheap and relevant, and it passes on bad habits too.

Employment laws

Employment laws set the floor: contracts, minimum wage, hours, health and safety, and protection from unfair dismissal.

Every recruitment answer needs the same shape: the benefit, the cost, and which suits *this* business.

Recruitment, selection and training



A business must recruit, train and motivate enough people with the right skills.

On-the-job and off-the-job training

induction training

given to **new** workers, to learn about the business and their role

on-the-job

learning **while doing the job**, beside an experienced worker

its benefits

cheap, and it uses real tasks

its limits

the trainer **stops their own work**, and bad habits can pass on

off-the-job

benefits: **expert teaching**, no work distractions. Limits: **costs more**, and the skills may not fit the exact job

Training raises quality and motivation and cuts mistakes – and the trained worker is then more attractive to **other** employers, which is the risk the firm accepts.

Reducing the workforce

Sometimes a business must cut staff numbers.

- **Redundancy** – the job is no longer needed, for example because a machine now does it. It is not the worker's fault.
- **Dismissal** – the worker is removed for a good reason, such as breaking rules or poor work.

What employment law protects

contract of employment a fair, written statement of pay, hours and duties

safe conditions health and safety at work is a legal duty, not a courtesy

fair pay minimum wage laws, and equal pay for equal work

against discrimination on grounds of gender, race, religion, age or disability

unfair dismissal a worker cannot be dismissed without a fair reason and a fair procedure

the cost to the firm compliance costs money and limits flexibility – and breaking the law costs far more

Redundancy is legal when the **job** disappears; dismissal is for the **worker's** conduct or capability. The exam tests that difference.

Exam tips

- Link motivation to its benefits: higher **productivity**, lower **absenteeism**, and lower **labour turnover**.
- Match each theory: **Taylor** (pay / piece rate), **Maslow** (a hierarchy of needs – lower needs before higher), **Herzberg** (hygiene factors stop unhappiness; motivators drive real effort).
- Separate **financial** methods (wage, piece rate, salary, commission, bonus) from **non-financial** ones (job rotation, job enlargement, job enrichment, autonomy).
- On an organisation chart, know the **chain of command** (the line orders travel down) and the **span of control** (how many people report to one manager).
- Distinguish **redundancy** (the job is no longer needed – not the worker's fault) from **dismissal** (the worker is removed for a reason such as breaking rules).



Worked example – motivating workers

A factory pays piece rate. Output rises but quality falls and workers complain. Explain and suggest a fix.

- Piece rate pays **per unit made**, so workers rush to make more.
- They **cut corners** $\Rightarrow$ more faults, more waste, unhappy customers.
- It also ignores **non-financial** needs – Maslow's esteem and social levels.
- Fix: pay a **basic wage + a bonus for quality**, and add **job rotation or teamworking**.

Money is not the only motivator. Herzberg: pay is a **hygiene factor** – too little demotivates, but more of it does not motivate. **Recognition and responsibility** do.

Topic 2 – key takeaways

1

Motivation

raises productivity; cuts absence
& turnover

2

Theories

Taylor (pay), Maslow (needs),
Herzberg

3

Org chart

hierarchy, chain of command,
span of control

4

Communication

sender, receiver & feedback; mind
barriers

Check yourself

- 1 Name one benefit of a motivated workforce.
- 2 What did Taylor say motivates workers?
- 3 What does span of control measure?
- 4 What completes the communication process?



Answers 1. e.g. higher productivity one manager controls 2. pay (more pay for more work) 3. subordinates 4. feedback