

Section 3.6

DECISION MAKING TO IMPROVE HUMAN RESOURCE PERFORMANCE

THIS SECTION OF THE SPECIFICATION COVERS:

- ☐ Setting human resource objectives
- ☐ Analysing human resource performance
- ☐ Making human resource decisions: improving organisational design and managing the human resource flow
- ☐ Making human resource decisions: improving motivation and engagement
- ☐ Making human resource decisions: improving employer-employee relations

0 1 GIVE ME THREE...

Human resource objectives:

1	Talent development
2	Training
3	Employee engagement and involvement

Internal and external influences on human resource objectives:

	INTERNAL INFLUENCES	EXTERNAL INFLUENCES
1	Corporate culture	Actions of competitors
2	Organisational structure	Legislation
3	Overall business performance	Economic factors

0 2 FEATURES OF

Identify the key features of:

HARD HRM	SOFT HRM
<ul style="list-style-type: none">• Seen as a short-term policy• Treats employees as a resource• Minimal empowerment or delegation given to staff• Linked to autocratic leadership style• Minimal communication from the top down• Tall organisational structure• Pay enough to recruit and retain staff e.g. minimum wage/use of zero hours contracts• External recruitment used	<ul style="list-style-type: none">• Takes a long-term view of using the workforce• Treats employees as the most important resource in the business; employees seen as a source of competitive advantage• Use of performance management systems that focus on training and developing staff to maximise their value in the organisation• Flatter organisational structure• Suits democratic leadership style• Delegation and two-way communication actively used• Employees promoted from within the organisation

0 3 WHAT'S THE FORMULA?

Write down the formula for calculating:

LABOUR TURNOVER / RETENTION	LABOUR PRODUCTIVITY
$\frac{\text{Number of staff leaving during the year}}{\text{Average number of staff employed by the business during the year}} \times 100$	$\frac{\text{Output per time period}}{\text{Number of employees}}$
$\frac{\text{Number of employees employed for one year or more}}{\text{Average number of staff}} \times 100$	
LABOUR COST PER UNIT	EMPLOYEE COSTS AS A % OF TURNOVER
$\frac{\text{Labour costs}}{\text{Units of output}}$	$\frac{\text{Employee costs}}{\text{Sales turnover}} \times 100$

0 4 IDENTIFY

Identify the five elements of Hackman & Oldham's model of job design:

1	Skill variety
2	Task identity
3	Task significance

4 Autonomy

5 Feedback from the job

0 5 INFLUENCES ON

Identify two influences on organisational design:

1 Size/age of the organisation

2 Type of leadership style/attitudes of senior staff

0 6 WHAT'S THE DIFFERENCE?

What's the difference between:

CENTRALISATION AND DECENTRALISATION

- **Centralisation:** where key decisions are made by senior leaders at the top of the organisational structure
- **Decentralisation:** where decision-making power is delegated from the top of the organisation to junior managers or to managers in local branches

DELEGATION AND AUTHORITY

- **Delegation:** passing authority to subordinates to carry out specific duties/tasks
- **Authority:** the power managers have to direct subordinates, make decisions and command a situation

SPAN OF CONTROL AND HIERARCHY

- **Span of control:** the number of employees a manager is directly responsible for
- **Hierarchy:** number of levels or layers that are present within an organisational structure

0 7 INFLUENCES ON

Identify two influences on:

DELEGATION

- 1 Type of leadership style prevalent in the organisation
- 2 The skill level of the workforce

CENTRALISATION

- 1 Size of the organisation
- 2 Action of competitors

DECENTRALISATION

- 1 Business objectives
- 2 Nature of the organisation

0 8 TELL ME

The value to a business of:

CHANGING JOB DESIGN

Advantages:

- Creating jobs that are interesting and diverse can motivate workers which increases labour productivity
- Provides the organisation with a reputation as a good employer improving the calibre of the workforce

Disadvantages:

- Resistance to change by employees if role changes
- Time consuming, as a constant process that needs to be undertaken

CHANGING ORGANISATIONAL DESIGN

Advantages:

- Delaying the organisational hierarchy enables the organisation to be more flexible and responsive, meeting customer needs more successfully
- Enables the organisation to cut costs
- Improves communication throughout the organisation

Disadvantages:

- Redesigning organisational structures to become flatter may result in redundancies impacting the motivation levels of remaining staff
- Transition period as employees adapt to new roles can lead to inefficiencies

0 9 IDENTIFY

Identify the five elements of the human resource flow:

1	Human resource plan
2	Recruitment
3	Training
4	Redeployment
5	Redundancy

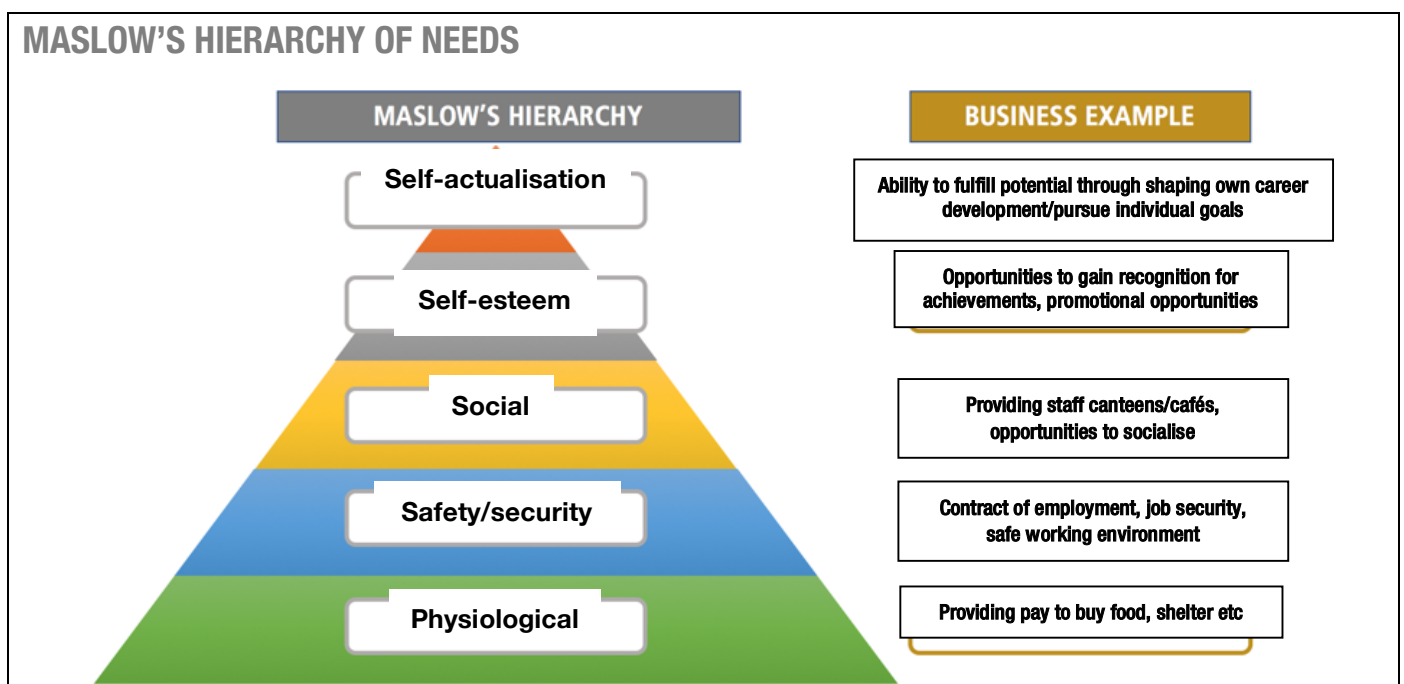
1 0 GIVE ME THREE...

Benefits of having motivated and engaged employees:

1	Increased staff retention, lowering costs
2	Maintain skill base in the organisation
3	Higher levels of labour productivity can be achieved

1 1 LABEL THE DIAGRAM

Complete the diagram for Maslow's Hierarchy of Needs below, AND identify a way in which a business can achieve each level:



1 2 WHAT'S THE DIFFERENCE?

What's the difference between:

TAYLOR & MASLOW'S APPROACH TO MOTIVATING EMPLOYEES

Taylor:

- Believed that employees were motivated mainly by money
- Advocated piece work
- To maximise efficiency, work should be organised on the basis of specialisation and division of labour
- Tight management control to ensure that employees follow the correct processes when completing their roles

Maslow:

- People have similar needs that can be organised into a hierarchy
- Basic needs found at the bottom of the hierarchy e.g. survival, security/safety; higher level needs found at the top e.g. self-esteem, self-actualisation
- At work, people strive to meet the lower level or basic needs first, before attempting to satisfy the higher level needs

HERZBERG'S HYGIENE AND MOTIVATING FACTORS

Hygiene factor:

- Relate to the environment in which people work e.g. working conditions, pay; they are not part of the job itself
- Do not motivate employees, but if they do not exist they will cause dissatisfaction e.g. inadequate pay would be classed as a hygiene factor, but, according to Herzberg, people would not be motivated by high pay

Motivating factor:

- Relate to the job itself
- Can motivate employees and provide job satisfaction e.g. recognition for effort, meaningful and interesting work – job enrichment

Both hygiene and motivating factors are important and need to be managed appropriately to ensure employees are motivated in the workplace and not dissatisfied

1 3 TELL ME

The value of theories of motivation:

Taylor:

Advantages: led to mass production techniques being implemented in many organisations, leading to cost efficiencies

Disadvantages: ignored all social elements of work; boring, monotonous work led to low skilled and poorly motivated employees with little power in the workplace

Maslow:

Advantages: Simple to understand; a clear path of progression which motivates individuals to move from low level needs to higher level needs

Disadvantages: makes assumptions that everyone's needs are the same/similar and fall in the same order in the hierarchy/hold the same importance

Herzberg:

Advantages: Supported by data; recognises that motivation comes from within an individual rather than from external factors; managers can use this information to motivate employees effectively

Disadvantages: Based on limited sample of accountants and engineers and therefore the findings may not be relevant to very different job roles e.g. hourly paid or employees paid by piece rate may not be overly interested in job enrichment or job enlargement and may be motivated more by pay or flexible working arrangements; some employees may not be interested in having a more varied or wider job role and may feel overwhelmed by this prospect causing demotivation

1 4 IDENTIFY

Identify three methods of financial and non-financial motivation:

METHODS OF FINANCIAL MOTIVATION

1 Performance-related pay

2 Profit sharing

3 Piece rate

METHODS OF NON-FINANCIAL MOTIVATION

1 Job enlargement

2 Job rotation

3 Job enrichment

1 5 INFLUENCES ON

Identify two influences on:

CHOICE OF FINANCIAL MOTIVATION

1 Cost

2 Skill level of the workforce

CHOICE OF NON-FINANCIAL MOTIVATION

The nature of the job/business

Leadership style

1 6 LIST

Two ways to manage and improve employer-employee relations:

1

Effectively communicate with employees

2

Having an appropriate corporate culture

1 7 WHAT IS MEANT BY?

Write a definition for the following key terms:

TRADE UNION

An organised group of employees in a trade/profession who come together to maintain and improve their members working conditions

WORKS COUNCIL

A group of workers and management who come together to discuss company-wide issues such as working conditions, training and investment

1 8 TELL ME

The value to a business of:

GOOD EMPLOYEE / EMPLOYER RELATIONS

Employee benefits:

- Job security and better pay/conditions
- More involvement in decision-making

Employer benefits:

- A strong employee corporate brand can be established
- Motivated workforce resulting in increased labour productivity
- Easier to introduce/implement future changes in the organisation
- Lower labour turnover/higher staff retention

Disadvantages:

- Decision-making can be slower, as more people may be involved
- Impact on costs/time