Business Management

Management of People and Finance

3.1 – Human Resource Management

H
N5

Learner's Notes

Introduction

In this topic you will find out about the following things.

Recruitment and Selection
- *WORKFORCE PLANNING* [H]
- *STAGES AND METHODS*
- *INTERNAL v EXTERNAL RECRUITMENT* [H]

Training
- *METHODS*
- *COSTS AND BENEFITS*
- *STAFF DEVELOPMENT PROGRAMMES* [H]

Retaining and motivating
- *MOTIVATIONAL THEORIES* [H]
- *FINANCIAL INCENTIVES - PAYMENT SYSTEMS*
- *NON FINANCIAL INCENTIVES - WORKING PRACTICES*
- *MANAGEMENT STYLES* [H]

Employee Relations
- *INSTITUTIONS INVOLVED* [H]
- *PROCESSES* [H]
- *APPRAISAL* [H]

Legislation
- *IMPACT OF HEALTH AND SAFETY LEGISLATION*
- *IMPACT OF CONDITIONS OF SERVICE LEGISLATION*
- *IMPACT OF DATA MANAGEMENT LEGISLATION*

Technology
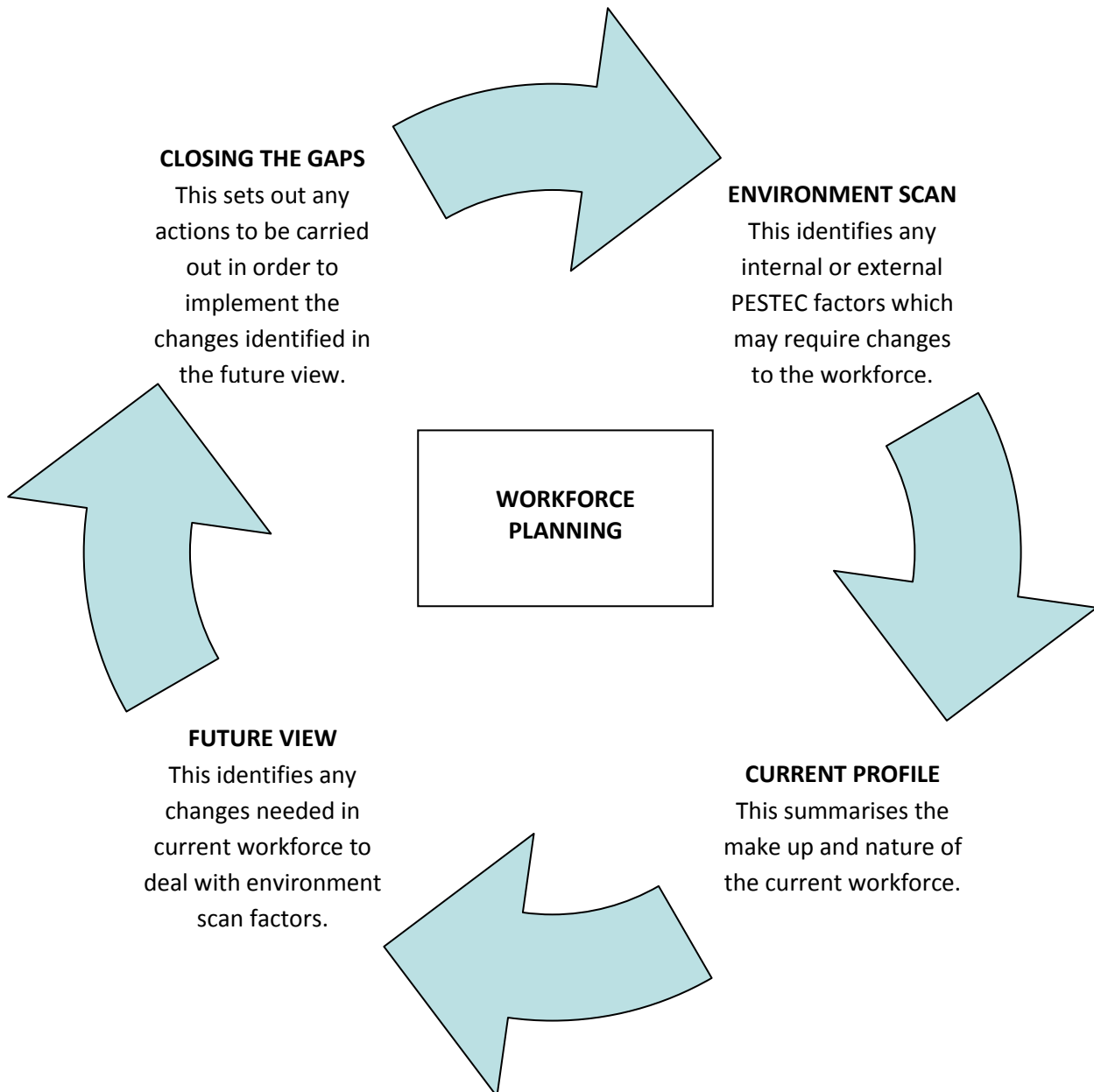- *ROLE OF TECHNOLOGY IN MANAGING PEOPLE*

[N5] *– N5 ONLY*

[H] *– HIGHER ONLY*

THE ROLE OF HUMAN RESOURCE MANAGEMENT (HRM)

*The role of **HUMAN RESOURCE MANAGEMENT (HRM)** in a business is to carry out **WORKFORCE PLANNING** and manage **STAFF** so that a business has enough suitable workers to carry out all necessary tasks in an **EFFECTIVE** and **EFFICIENT** way.*

WORKFORCE PLANNING is an ongoing process which makes sure that a business takes appropriate actions to ensure that it has enough of the right kinds of workers to complete its' activities now and in the future. The main stages in workforce planning can be seen below.

CLOSING THE GAPS
This sets out any actions to be carried out in order to implement the changes identified in the future view.

ENVIRONMENT SCAN
This identifies any internal or external PESTEC factors which may require changes to the workforce.

WORKFORCE PLANNING

FUTURE VIEW
This identifies any changes needed in current workforce to deal with environment scan factors.

CURRENT PROFILE
This summarises the make up and nature of the current workforce.

The main activities that form and structure the "Closing the Gap" element of workforce planning and in turn are the focus of HRM work are as follows.
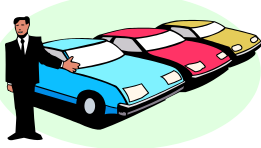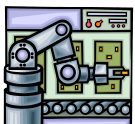
- *STAFF RECRUITMENT*
- *STAFF SELECTION*
- *STAFF TRAINING*
- *STAFF MOTIVATION AND RETENTION*
- *COMPLIANCE WITH LEGISLATION*

Workforce planning is very important to any kind of business in an economy (ie PRIVATE, PUBLIC or THIRD sector), because if HRM implement it properly then it can bring the following benefits.

- *INCREASE IN THE MOTIVATION OF STAFF (as they are happy at their work)*
- *INCREASE IN STAFF RETENTION RATES (amount of staff that want to stay with the business)*
- *INCREASE IN AMOUNT OF WORK BEING COMPLETED (due to motivated and long serving staff)*
- *BETTER QUALITY OF WORK (as staff are motivated and well skilled from long service)*
- *POSITIVE BUSINESS IMAGE (from high quality products and positive treatment of staff)*
- *INCREASED CONSUMER SATISFACTION (from provision of quality products and positive image)*
- *INCREASED USE OF THE BUSINESS BY CONSUMERS (CONSUMER LOYALTY)*
- *INCREASED PROFITS, BUDGETS OR DONATIONS (from consumer loyalty)*
- *LESS CHANCE OF RUNNING OUT OF MONEY AND FAILING*
- *DECREASED COSTS (due to less wastage and better systems)*
- *PREVENTION OF NEGATIVE INDUSTRIAL ACTION (where staff take action to negatively affect the business)*

Examples of some of the changes that workforce planning has resulted in for businesses in the recent past can be seen below.

Change	Detail
INCREASE IN FEMALE WORKERS	There has been an increase in the percentage and number of all types of female workers in the UK today. This is due to the following. • *HIGH LEVELS OF EDUCATIONAL PERFORMANCE BY MANY WOMEN* • *WOMEN RETURNING TO WORK AFTER CHILDREN* • *NEED FOR THE SERVICE SKILLS WOMEN OFTEN HAVE* • *INCREASE IN SINGLE PARENT FAMILIES*
FEWER CORE STAFF	**CORE STAFF** are workers that the business **MUST** have to operate properly. Therefore, these staff usually have **PERMANENT** positions. In many businesses today, there are **FEWER** core staff of all types in order to minimise commitments to wages and benefits (eg pensions) and so help keep the costs of running the business down.
MORE CASUAL WORKERS	**CASUAL STAFF** are workers that the business may only need from time to time on a specific **TEMPORARY** basis. In many businesses today, there are **MORE** casual staff of all types in order to minimise commitments to wages and benefits (eg pensions) and so help keep the costs of the business down.
FEWER MANUFACTURING JOBS	In the UK many blue collar **MANUFACTURING** (**SECONDARY** sector) jobs have been lost to competition from other countries. This means that there are **FEWER** manufacturing jobs for HRM to deal with in the UK today.
MORE SERVICE JOBS	In the UK many white collar and professional **SERVICE** (**TERTIARY** sector) jobs have been created due to expertise in these areas, eg finance, insurance, etc. This means that there are **MORE** service jobs for HRM to deal with in the UK today.
TECHNOLOGICAL REDUNDANCY	Increased use of computers and robotics means that more work can be completed in less time. This has meant that businesses that use this equipment do not need as many staff as they once did. These jobs which have been lost to equipment are known as **TECHNOLOGICAL REDUNDANCIES** and are often manual and blue collar workers.

STAFF RECRUITMENT

*The **RECRUITMENT** part of workforce planning involves trying to encourage suitable people to apply for any **VACANCIES** (jobs that they need workers for) that the business has.*

The main stages involved in recruitment when a vacancy has been identified through workforce planning can be seen below.

1   CARRY OUT A JOB ANALYSIS

Job Analysis involves finding out everything about what a job involves by identifying the following.

- *TASKS TO BE COMPLETED IN THE JOB*
- *TECHNOLOGY THAT IS USED IN THE JOB*
- *KNOWLEDGE NEEDED TO CARRY OUT THE JOB*
- *SKILLS NEEDED TO CARRY OUT THE JOB*
- *LEVEL OF INITIATIVE NEEDED FROM STAFF*

Job Analysis can be carried out by:

- *ASKING THE CURRENT JOB HOLDER ABOUT THE JOB (if there is one)*
- *WATCHING CURRENT JOB HOLDER DO THE JOB (if there is one)*
- *ASK THE MANAGER WHO NEEDS THE NEW MEMBER OF STAFF THEM*

2   PREPARE A JOB DESCRIPTION

A Job Description uses information from the Job Analysis to clearly identify and record the following main details about a **JOB**.

- *JOB TITLE and DEPARTMENT*
- *POSITION IN BUSINESS*
- *PURPOSE OF THE JOB*
- *DUTIES OF THE JOB (ie work to be done)*
- *WORKING CONDITIONS (ie hours, holidays, etc)*
- *TARGETS TO BE MET*

An example of a job description can be seen below.

PAPER STREET SOAP Ltd

JOB DESCRIPTION

Job Title:	Receptionist
Based at:	Administrative Services Department, Head Office, Glasgow
Position reports to:	Administration Manager
Job purpose:	Attend to visitors and deal with inquiries on the phone and face to face. Supply information regarding the organisation to the general public, clients and customers.
Key tasks and responsibilities:	- Answer telephone, screen and direct calls - Take and relay messages - Provide information to callers - Greet persons entering organization - Direct persons to correct destination - Deal with queries from the public and customers - Ensures knowledge of staff movements in and out of organisation - General administrative and clerical support - Prepare letters and documents - Receive and sort mail and deliveries - Schedule appointments - Maintain appointment diary either manually or electronically - Organise meetings - Tidy and maintain the reception area
Conditions and Scale:	This post is 35 hours per week, is salaried on Administrative Scale A – (£15,000 - £21,000 pa) and has 20 days (plus public) holiday per annum.

Job descriptions are very important documents because they help improve HRM's ability to manage people and roles in the following ways.

- *JOB DESCRIPTIONS MAKE IT CLEAR WHAT EMPLOYERS EXPECT FROM AN EMPLOYEE AND SO THEY ARE VERY USEFUL IN HELPING JOB CANDIDATES DECIDE IF THEY ARE SUITABLE FOR THE POST*

- *JOB DESCRIPTIONS MAKE IT CLEAR WHAT EMPLOYERS EXPECT FROM AN EMPLOYEE AND SO THEY ARE VERY USEFUL IN PRODUCING EFFECTIVE ADVERTS AND SELECTING SUITABLE STAFF*

- *JOB DESCRIPTIONS MAKE IT CLEAR WHAT EMPLOYERS EXPECT FROM AN EMPLOYEE AND SO THEY ARE USED TO CREATE THE LEGAL CONTRACT OF EMPLOYMENT FOR A VACANCY*

- *JOB DESCRIPTIONS MAKE IT CLEAR WHAT EMPLOYERS EXPECT FROM AN EMPLOYEE AND SO THEY ARE VERY USEFUL IN MEASURING EMPLOYEE PERFORMANCE IN THE JOB*

- *JOB DESCRIPTIONS MAKE IT CLEAR WHAT EMPLOYERS EXPECT FROM AN EMPLOYEE AND SO THEY ARE VERY USEFUL IN ISSUES OF EMPLOYEE/EMPLOYER DISPUTE OR ANY DISCIPLINE ISSUES*

3   PREPARE A PERSON SPECIFICATION

A Person Specification uses information from the Job Description to identify and record the following main details about the type of **PERSON** that would be suitable for the job.

- *PHYSICAL CHARACTERISTICS (eg fitness, etc)*
- *QUALIFICATIONS (eg Highers, Degree, etc)*
- *SKILLS (eg words per minute on a word processor)*
- *PERSONAL CHARACTERISTICS (eg outgoing)*

These details in the Person Specification will usually be spilt into the following categories for later use.

- *ESSENTIAL (these qualities must be present in a candidate)*
- *DESIRABLE (extra qualities that would be present in a "perfect" candidate)*

An example of a person specification can be seen below.

PAPER STREET SOAP Ltd

PERSON SPECIFICATION

Job Title: Receptionist

Essential	**Desirable**
Education and Experience	
- Higher level exam passes - Knowledge of administrative procedures - Knowledge of relevant software applications - Knowledge of customer service practices - Keyboarding skills	- Higher Administration and IT - Experience of similar post - Expertise in Microsoft outlook - Experience of customer service work - Ability to type 60 words per minute
Skills and Characteristics	
- Reliable - Strong communication skills - Professional personal presentation - Customer service focus - Ability to organise and plan - Attention to detail - Able to act on own initiative - Ability to remain tactful under stress	Strong time keeping and attendance record

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Person specifications are very important documents because they help improve HRM's ability to manage people and roles in the following ways.

- *Person specifications make it clear what employers expect from an employee and so they are very useful in helping job candidates decide if they are suitable for the post*

- *Person specifications make it clear what employers expect from an employee and so they are very useful in producing effective adverts and selecting suitable staff*

- *Person specifications make it clear what employers expect from an employee and so they are used to create the legal contract of employment for a vacancy*

- *Person specifications make it clear what employers expect from an employee and so they are very useful in measuring employee performance in the job*

- *Person specifications make it clear what employers expect from an employee and so they are very useful in issues of employee/employer dispute or any discipline issues*

4   PREPARE JOB ADVERTISEMENT(S)

When a business has details about their job vacancy and the type of person needed to fill it (from the Job Description and Person Specification), then it can create a **JOB ADVERTISEMENT**. The purpose of a Job Advertisement is to tell people the following details about a vacancy in order to encourage them to apply for it.

- *PERSONAL QUALITIES NEEDED (from Person Specification)*
- *JOB DETAILS (eg duties and targets from Job Description)*
- *CONDITIONS (eg hours, pay, holiday, etc from Job Description)*
- *HOW TO APPLY FOR THE POST (eg CURRICULUM VITAE [CV] or APPLICATION FORM)*

An example of a job advertisement that could be used for **INTERNAL** or **EXTERNAL** recruitment can be seen below.

RECEPTIONIST WANTED

Paper Street Soap Ltd
(£15,000-18,0000 pa)

Busy cosmetics company requires a receptionist for their Head Office. Candidates will be expected to attend to visitors and deal with inquiries on the phone and face to face. The post reports to the Administration Manager and the successful candidate will be entitled to 20 (plus public) days holidays. Higher level education is required and candidates should possess tact and professional standards of personal presentation tact and be tactful and have knowledge (and preferably experience) of customer service work and IT skills.

Please contact Tyler on 0141 555 5555 (or email tdurden@pss.co.uk) to request a recruitment pack and application form. The deadline for applications is 25 May.

Many organisations prefer to request the use of application forms rather than CV's in their job advertisements for the following reasons.

- *Curriculum Vitae's (CV'S) can vary in layout and content which can make them difficult to compare and gather relevant information from.*

- *Application forms ensure candidates all provide the same information which can help with the selection process as it is easier to compare candidate information.*

- *Application forms provide information about candidates in the same order and format which can help with the selection process as it is easier to compare candidate information.*

- *Application forms can be set up so that candidates do not provide information which could used to discriminate (eg age or gender) and so help prevent this happen.*

- *Application forms require candidates to provide information that is relevant to the vacancy (eg examples of when they have displayed experience of carrying out duties of the post) which can help with the selection process by showing which candidates best match the demands of the person specification.*

An example of a simple job application form can be seen below.

Sample Application Form

1. PERSONAL DETAILS (Please use capital letters)

Title:	Postcode:
Address:	
Date of Birth:	Home Telephone No:
Email:	
National Insurance No:	Daytime Contact No:

2. CURRENT EMPLOYMENT

Start Date	Employer Name and Address	Job Title and Salary	Reasons for Leaving

3. CURRENT MEMBERSHIP OF PROFESSIONAL BODIES

4. WORK EXPERIENCE

Dates	Employer Name and Address	Job Title and responsibilities	Reasons for Leaving

5. EDUCATION. TRAINING AND DEVELOPMENT

College, University, or Training Establishment attended	Qualifications or course details	Date

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6. PERSONAL STATEMENT – Continue on additional sheets if necessary

Please provide details of your experience including any unpaid work and outside interests that are relevant to the job. Give examples where appropriate. Attach additional sheets securely and ensure they are marked clearly with your name and details of the posts for which you have applied.

7. MEDICAL DETAILS – Details of any sickness absence in the last two years

Do you have or have you had any illness or medical condition which may prevent you from attending work regularly in the future?   Yes   No

If you have answered "yes" please provide details here:

Number of working days lost in the past two years:

8. REFERENCES – One must be your current or most recent employer

Name:	Name:
Address:	Address:
Email:	Email:
Telephone No:	Telephone No:
Relationship to Applicant:	Relationship to Applicant:

9. CRIMINAL CONVICTIONS

The Rehabilitation of Offenders Act 1974 requires applicants to give details of any convictions that are not spent. Failure to disclose such convictions could result in disciplinary action or dismissal.

Do you have any previous convictions?

If yes, please detail offence(s) including date(s) and sentences(s)

If you have previously applied for a Criminal Records Bureau Disclosure please state the date of issue of your Disclosure certificate

10. DECLARATION

I certify that the information contained on this application form is accurate and true. I give my consent to the processing, transfer and disclosure of all information submitted by me during the recruitment process and throughout any subsequent periods of employment for pre employment checks, equal opportunities monitoring, payroll operations and training. (Data Protection Act 1988)

Signed: Date:

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When the Job Advertisement has been prepared, a business will have to decide if it wishes to use it **INTERNALLY** (inside of the business) and/or **EXTERNALLY** (outside of the business). More information about these types of recruitment can be seen below.

a INTERNAL ADVERTISING AND RECRUITMENT

Internal advertising and recruitment looks to fill the job vacancy with an **EXISTING** member of staff. The most common ways of placing internal advertisements can be seen below.

- *STAFF MEMOS*
- *STAFF E-MAIL MESSAGE*
- *STAFF NOTICEBOARD POSTER*
- *BUSINESS NEWSLETTER*

This method of advertising and recruitment can be popular due to the following **STRENGTHS** that it is seen to have.

- *The business has prior knowledge of the internal candidates and so is usually well placed to decide whether or not they are suitable for the post. This can help prevent ineffective appointments.*

- *Internal adverts are usually cheap to place which saves the business money*

- *Existing staff can often be freed from existing duties and contracts with little delay and so can allow the business to fill the vacant post quickly.*

- *Existing staff are can often be retrained for their new role quickly and cheaply as they have some prior knowledge of the business already and so will not usually require as much training as someone who is totally new.*

- *Staff can be motivated by internal appointments as it can show them they are valued and have opportunities to progress in the business.*

However, internal recruitment can have the following **DRAWBACKS**.

- *It may be difficult to get a "perfect" person for the job as there is a limited amount of existing staff to choose from. This can result in costly re-advertisement or ineffective staff being appointed.*

- *Internal candidates may not be enterprising and effective as they may have limited experience of other ways of working.*

- *Internal candidates may be resentful if a colleague is appointed instead of them – this can lead to demotivated staff and less effective working.*

- *Internal appointments create another vacancy in the business (from the job the successful candidate has left). This can result in the time and cost of further recruitment and lost work until this post is filled.*

b EXTERNAL ADVERTISING AND RECRUITMENT

External advertising and recruitment looks to fill the job vacancy with someone from **OUTSIDE** of the business who does not already work there. The most common ways of placing external advertisements can be seen below.

Advertising	Description
LOCAL PRESS	Here advertisements are placed within local newspapers for an area (eg Glasgow Evening Times) in order to get local people to apply for vacancies. The main advantage of using local press advertisements is that they are usually cheap to place. However, as there is only a limited number of local people to choose from it can be difficult to find a "perfect" candidate.
NATIONAL PRESS	Here advertisements are placed within papers which are available nationally (eg Daily Record) in order to get people from all over the country to apply for vacancies. The main advantage of using national press advertisements is that because there is a wide range of people to choose from it can be easier to find a "perfect" candidate. However, advertisements in the national press are usually quite expensive.
JOB CENTRE PLUS	Here advertisements are placed with the local Government Job Centre Plus agency which has been set up to help people find jobs. The main benefit of using Job Centre Plus to publicise vacancies is that they have a note of people who are seeking employment and so can actively encourage people to apply. This service also has the advantage of lowering advertising costs as it is free. However, the main drawback to advertising here as it is often people who are already unemployed who usually use this service there may only be a limited range of applicants to choose from.
RECRUITMENT AGENCY	Here advertisements are placed with a private recruitment agency which has been set up to help people find jobs. The main benefit of using a private recruitment agency to publicise vacancies is that they have a note of people who already working or are seeking employment and so can actively encourage people to apply (aka **HEADHUNTING**). This service also has the advantage of providing professional adverts as the agency will have staff who are recruitment experts. However, the main drawback to advertising here is that the service is often expensive as the agency charge a fee for their services.

Advertising	Description
ONLINE ADVERTISEMENT	Here advertisements are placed on a business website rather than in print or at an agency. The main benefits of using websites to publicise vacancies are as follows. • *ELECTRONIC ADVERTS CAN SAVE BUSINESSES MONEY BECAUSE IT MAY BE CHEAP OR FREE TO PUT THEM ON (INTERNAL) NETWORKS OR WEBSITES* • *ELECTRONIC ADVERTS CAN MEAN THAT APPLICANTS FROM MANY DIFFERENT LOCATIONS CAN APPLY FOR THE POST WHICH INCREASES THE CHANCES OF FINDING THE "PERFECT" PERSON FOR THE JOB* • *ELECTRONIC ADVERTISING CAN MAKE IT CHEAPER FOR BUSINESSES TO RECRUIT APPLICANTS AS THEY CAN E-MAIL DOCUMENTS IN ORDER TO SAVE POSTAGE AND PRINTING COSTS*

This method of recruitment can be popular due to the following **STRENGTHS** that it is seen to have.

o *It may be easier to get a "perfect" person for the job as there is a usually a large group of suitable people outside of the business to choose from. This can prevent costly re-advertisement or ineffective appointments.*

o *External candidates may be able to use their experience from elsewhere to improve business performance through being enterprising and bringing "new" effective ways of working into a business.*

o *External appointments do not result in the creation of another vacancy in the business which prevents further recruitment and lost work until this post is filled.*

However, external recruitment can have the following **DRAWBACKS**.

o *The business does not always have full or accurate prior knowledge of external candidates and so there is an increased risk that an ineffective person could be appointed.*

o *External adverts and recruitment agencies can be expensive to use which increases costs.*

o *External appointments often have to work a "notice" period – this is a period of time before their current employer will let them leave their contract. This can result in delays and lost work.*

o *External appointments may need significant training to make sure they can carry out their new role effectively. This can be costly and time consuming.*

o *Existing staff can be de-motivated by external appointments as they may feel concerned about working with people they do not know or that are not valued and do not have opportunities to progress in the business.*

STAFF SELECTION

> *The **SELECTION** part of workforce planning involves trying to decide who is the best person (from those who have been recruited) to fill a **VACANCY**.*

The main stages involved in selection (after recruitment is complete and people have applied for the vacancy) can be seen below.

1   IDENTIFY THE BEST CANDIDATES

When all applications have been received, the HRM Department find the "best" candidates for the post by checking their details against the Person Specification and choosing one of the following options.

- *DETAILS CLOSELY MATCH THE PERSON SPECIFICATION*

    These applicants will be contacted (by phone, letter, etc) to ask them to come to the business for an **INTERVIEW** about the vacancy. These candidates will be known as the **LEET** (short list) for the post.

- *DETAILS **DO NOT** CLOSELY MATCH THE PERSON SPECIFICATION*

    These applicants will be contacted (by e-mail, phone, letter, etc) to tell them **POLITELY** that they have been unsuccessful and so **WILL NOT** be asked to attend an interview about the vacancy.

As already discussed, many businesses now prefer to use **APPLICATION FORMS** during recruitment to help to make it easy to see if the applicant matches the Person Description.

2   INTERVIEW THE BEST APPLICANTS

An interview is a **TWO WAY** discussion between an organisation and a job candidate. The aim of an interview is for the business and the job applicant to find out more information about each other by discussing specific questions and so assess in more detail if candidate's is really suitable for the post (in terms of experience and personality).

Interviews may be conducted in a series of rounds, can be **ONE-TO-ONE** (one interviewer) or **PANEL** based (several interviewers) and are one of the most common form of selection used today. However, despite their popularity, interviews can have the following drawbacks.

- *MANY INTERVIEWERS ARE NOT EFFECTIVELY TRAINED TO CONDUCT INTERVIEWS WELL AND SO MAY NOT FIND OUT AS MUCH ABOUT THE CAN ABOUT THE CANDIDATE*

- *MANY INTERVIEWERS FORM AN OPINION OF CANDIDATES WITHIN THE FIRST FEW MINUTES OF THE INTERVIEW RATHER THAN OVER ITS' ENTIRE COURSE WHICH CAN LEAD TO PREJUDICED DECISIONS*

- *MANY CANDIDATES FAIL TO FIND OUT ABOUT THE ORGANISATION OR ARE SIMPLY POOR COMMUNICATORS IN THE INTERVIEW SITUATION, AND SO UNNECESSARILY PORTRAY THEMSELVES IN A POOR LIGHT*

- *MOST INTERVIEWS FOCUS ON DISCUSSING PAST ACTIVITIES AND SO DO NOT PROVIDE INFORMATION ABOUT FUTURE POTENTIAL OR VERIFYING ACTUAL ABILITIES*

To minimise these drawbacks, a business can try to ensure that has "good interviews" by following the advice below.

- *BE OPEN-MINDED/UNBIASED TO ALL CANDIDATES*
- *PLAN APPROPRIATE QUESTIONS AND EXPECTED ANSWERS IN ADVANCE*
- *MAKE INTERVIEWEE AT EASE (eg warm welcome, outline interview structure, etc)*
- *ASK SAME QUESTIONS OF ALL APPLICANTS*
- *TAKE NOTES ON APPLICANTS' RESPONSES*
- *OFFER CANDIDATES A CHANCE TO ADD TO ANY ANSWERS BEFORE LEAVING*
- *CLOSE INTERVIEW COURTEOUSLY (eg thank candidate and tell them what to expect next)*
- *GRADE CANDIDATES ANSWERS AGAINST EACH OTHER AND EXPECTED ANSWERS*

3   TEST THE BEST APPLICANTS

Testing may be carried out to back up or get more information about a job applicant. This can be used to help select the "best" candidate for the post. Tests can take any (or a variety) of the following formats.

Testing	Description
ATTAINMENT TEST	These tests aim to allow applicants to demonstrate that they have learned or developed **SKILLS** up to a specific standard. For example an office worker may be asked to demonstrate their claim that they can type 50 words per minute.
APTITUDE TEST	These tests aim to allow applicants to demonstrate a natural **ABILITY** to carry out a specific type of task. For example, dental students are expected to be able to demonstrate that they have natural dexterity (an ability to work well with your hands).
INTELLIGENCE TEST	These tests aim to measure the "**INTELLIGENCE**" of an applicant in a particular topic or area.
PSYCHOMETRIC TEST	These tests aim to highlight the **PERSONALITY** of an applicant. For example, managers will be expected to have a personality which suits leadership.
MEDICAL TEST	A medical test checks the **PHYSICAL** abilities of an applicant to carry out the duties of a job. They are most often used when physical ability is a key part of the job – eg the army and fire and police services

These tests can be conducted by the business one at a time or through an **ASSESSMENT CENTRE** (where a combination of tests are carried out over a period of time - often with the support of experts). Although assessment centres can be expensive to use they are popular with many businesses for the following reasons.

- *Time can be saved as large numbers of candidates can be assessed at the one time.*
- *More meaningful complex and work based tests can be conducted due to time and resources available.*
- *Tests are carried out by experienced experts which should improve their effectiveness.*
- *Any bias towards internal candidates is removed as tests are carried out by impartial experts.*
- *Businesses do not have to invest money in specialist facilities to carry out the tests themselves.*
- *Using a range of tests gives more information about candidates and so should improve selection.*

4 COLLECT REFERENCES FOR THE BEST CANDIDATES
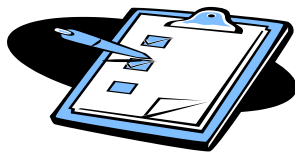
To confirm information gained at interview or from testing many businesses will also look for **REFERENCES** about a candidate. A reference is a written report about a candidate's suitability and character from their current employer or another trusted party (eg teacher).

5 DECIDE ON WHO IS THE BEST OVERALL CANDIDATE FOR THE JOB

Using the information from the applications, interviews, tests and references, HRM will decide if they think someone is suitable for the post. This is an important decision because employing unsuitable staff will impact on customer service and the success of the business.

If there are people who are suitable, then HRM will have to decide who they think the best overall applicant is for the job and offer them the post. This worker will then receive a **CONTRACT** (legal agreement) that confirms their appointment and conditions. The specific contract offered will depend on the job itself but common contract types can be seen below.

Contract	Description
PERMANENT	This type of contract has no end date and so will runs until either the employer make the member of staff **REDUNDANT** or the worker chooses to leave. This type of contract creates a stable "core" group of staff that the business can depend upon.
TEMPORARY	Temporary contracts (also known as **SEASONAL** or **FIXED TERM**) are not permanent and so only provide employment for a certain period of time. These contracts are often used to cover staff absences or temporary changes in business activities – eg a maternity leave or meeting extra demand during busy times. In some cases they are also used as a **PROBATION PERIOD** for permanent contracts so that if business not happy with how an applicant is working out they can remove them more easily.
ANNUALISED	This type of contract requires workers to work a certain number of hours over a whole year (instead of a specific number every week). This allows employers to have some flexibility in dealing with different levels of demand – eg staff can work more hours in busy times and fewer hours when demand is low. It can also reduce the need for overtime payments as and so can lower wage bills.

After the successful candidate has accepted their offer, HRM will then politely tell the other applicants that were leeted they have been unsuccessful.

The business should also take this opportunity to review (and if necessary improve) the suitability of their recruitment and selection procedures. This is because if they result in the appointment of poor quality workers then there will be lots of problems in the business – changing these procedures should prevent this happening again.

RECRUITMENT AND SELECTION SUMMARY

RECRUITMENT

CONDUCT **JOB ANALYSIS**

↓

PREPARE **JOB DESCRIPTION**

(using Job Analysis)

↓

PREPARE **PERSON SPECIFICATION**

(using Job Description)

↓

PREPARE **ADVERTISEMENT**

(using Job Description and Person Specification)

↓

SELECTION

CHOOSE **BEST APPLICANTS**

(using applications and Job and Person Descriptions)

↓

INTERVIEW THE BEST APPLICANTS

↓

TEST THE BEST APPLICANTS

↓

COLLECT REFERENCES FOR THE BEST APPLICANTS

↓

DECIDE ON THE BEST OVERALL
APPLICANT AND OFFER THEM A CONTRACT

STAFF TRAINING

> *The **STAFF TRAINING** part of workforce planning involves organising activities which should develop the skills and knowledge of staff.*

Training is undertaken by businesses for the following reasons.

- *NECESSITY (staff must have the skills and knowledge to be able to fulfil their job specification)*
- *PREVENTS ACCIDENTS (which can result in lost output and legal action against a business)*
- *IMPROVED EMPLOYEE MOTIVATION AND SATISFACTION (from feeling important to the business)*
- *FLEXIBILITY (by giving staff a variety of skills they can undertake various tasks that will help the business)*
- *EFFICIENCY (as staff are more skilled they will increase product and service quality)*
- *LOWERED BUSINESS COSTS (flexibility and efficiency means the business will need fewer staff)*
- *INCREASED BUSINESS PERFORMANCE (due to motivation, flexibility and efficiency)*

The main types and methods of training that HRM organises for staff can be seen below.

1   INDUCTION TRAINING

Induction Training is training for **NEW** members of staff to make sure they know about:

- *WHAT THEY WILL HAVE TO DO IN THEIR NEW JOB (eg equipment to be used, work to be done)*
- *WHAT THEIR WORKING ENVIRONMENT IS LIKE (eg where they will work, parking, canteen, etc)*
- *WHO THEIR COLLEAGUES AND OTHER STAFF ARE*

Induction training is usually carried out so that new staff:

- *UNDERSTAND THEIR NEW ROLE AND WHERE TO GET HELP IF THEY NEED IT*
- *ARE ABLE TO CARRY OUT THEIR TASKS QUICKLY AND CORRECTLY*
- *ARE NOT NERVOUS ABOUT THEIR NEW POSITION AND SO UNABLE TO UNDERTAKE IT PROPERLY*

Induction training is usually carried out **INSIDE** of the business itself **BEFORE** staff take up their new position through the following activities:

- *SPECIALISED COURSE (delivered by existing staff or through the use of IT programs)*
- *MENTOR (specific member of staff responsible for conducting training and monitoring progress)*

2   IN SERVICE TRAINING

In Service Training is training that is provided for **EXISTING** members of staff so that they:

- *CAN LEARN NEW SKILLS (RETRAINING)*
- *UPDATE EXISTING SKILLS (UPGRADE TRAINING)*
- *PROVIDE A BETTER LEVEL OF PRODUCT QUALITY AND CUSTOMER SERVICE*

In Service tends to be carried out in either of the following ways.

Training	Description
ON THE JOB TRAINING COURSE	This type of training takes place while the member of staff is in the business doing their ordinary work, and is carried out in the following ways. • *EXISTING STAFF SHOW OTHERS* • *BOUGHT IN TRAINERS* The main **ADVANTAGES** of on the job training are as follows. • *IT IS CHEAP TO OPERATE AS EXISTING STAFF ARE NOT USUALLY PAID EXTRA* • *IT IS QUICK TO ORGANISE AS EXISTING STAFF CAN BE EASILY MADE AVAILABLE* • *IT CAN MOTIVATE TRAINERS AS THEY GET CHANCE TO USE THEIR SKILLS* The main **DISADVANTAGES** of on the job training are as follows. • *TRAINING MAY BE LIMITED BY THE SKILLS OF EXISTING STAFF* • *NEW SKILLS WILL NOT BE AVAILABLE*
OFF THE JOB TRAINING COURSE	This type of training takes place while the member of staff is NOT doing their work (often at a different location), and is carried out in the following ways. • *UNIVERSITY OR COLLEGE BASED COURSES* • *TRAINING AGENCY COURSES* The main **ADVANTAGES** of off the job training are as follows. • *EXPERT TRAINERS CAN BE USED WHICH IMPROVES THE QUALITY OF TRAINING* • *ACCESS TO NEW SKILLS AND INFORMATION CAN MAKE STAFF MORE FLEXIBLE* • *MOTIVATION FOR STAFF FROM CHANGE IN ROUTINE* The main **DISADVANTAGES** of off the job training are as follows. • *COURSES CAN BE EXPENSIVE DUE TO TRAINERS FEES, STAFF TRAVEL COSTS, ETC* • *CAN TAKE TIME TO ORGANISE AND SO MAY NOT HELP WITH IMMEDIATE PROBLEMS* • *WORK IS NOT DONE WHILE STAFF ARE AWAY WHICH REDUCES OUTPUT*

Training	Description
VIRTUAL LEARNING ENVIRONMENT	A virtual learning environment (VLE) is an intranet or Internet based system that provides access to educational courses at anytime and from any computer. In a VLE, a user can access course content, grades, assessments, and other class tools (eg podcasts). It also provides a social space where students and teacher can interact through newsgroups, chat, instant messaging, video conference or screen casting. Virtual learning environments are designed to provide users with flexibility in their education as they can often work at their own pace with their own choice of recourses and support. This can result in better learning. For businesses, a VLE is useful because it can reduce the amount of time and money spent providing courses to staff because once a VLE has been created any number of staff can use it a time and place convenient to the business.

The method of in service training used will usually depend on the following factors.

- *LEVEL OF TRAINING REQUIRED (eg on the job may suit basic needs)*
- *THE AVAILABILITY OF INTERNAL TRAINERS (eg off the job may need to be used if no one is available)*
- *THE EQUIPMENT NEEDED FOR TRAINING (eg specialised equipment may needed for VLE)*
- *FINANCE AVAILABLE FOR TRAINING (eg little money may mean on the job has to be used)*
- *IMPACT OF LOST OF OUTPUT (due to staff absence at training, inexperience, etc)*

Ideally, in service training needs should be addressed through a **STAFF DEVELOPMENT PROGRAMME** (also known as a **CONTINUING PERSONAL DEVELOPMENT (CPD)** programme). This is a structured process which will systematically do the following.

- *IDENTIFY STAFF TRAINING NEEDS*
- *IDENTIFY TRAINING ACTIVITIES WHICH CAN ADDRESS TRAINING NEEDS*
- *EVALUATE THE EFFECTIVENESS OF TRAINING UNDERTAKEN*

Staff development programmes can be an effective way to structure in service training for the following reasons.
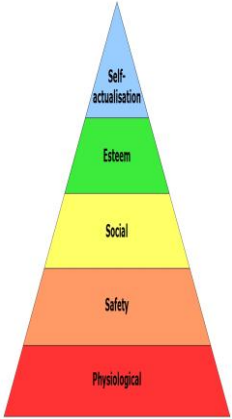
- *By identifying specific training needs, businesses can ensure that in service activities actually develop the abilities of employees and so do not waste time and money focusing on something staff can already do.*

- *Feedback from staff before and after training (eg through a questionnaire or observing staff) about how it has improved their work can help a business rate and identify effective training activities. This should help a business avoid wasting time and money (by repeating training that had no effect) and will also alert it to the need to organise alternative training that will actually help staff.*

- *Having a planned programme to help staff develop over time can allow them to undertake long term training activities which need ongoing support. For example, **APPRENTICESHIPS**, **WORK BASED QUALIFICATIONS** (qualifications gained with work activities as evidence) or **DAY RELEASE QUALIFICATIONS**. This type of in service can increase staff skills significantly (which will improve the quality of their work) and be a strong motivator for staff to stay in the business (as they are developing and feel valued).*
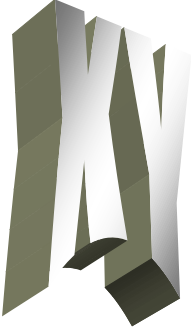
*The **STAFF MOTIVATION** part of HRM's work involves trying to make sure that
staff work to the best of their abilities. This is heavily influenced by the **LEADERSHIP** of managers
and will affect **STAFF RETENTION** (how happy staff are to continue to work for the business).*

People have different reasons for taking particular jobs (or starting their own businesses) - if HRM can identify and address these reasons then they should be able to effectively motivate staff. There are different ideas (or **MOTIVATIONAL THEORIES**) about what are the best ways to do this and some of the most well known theories in this area can be seen below.

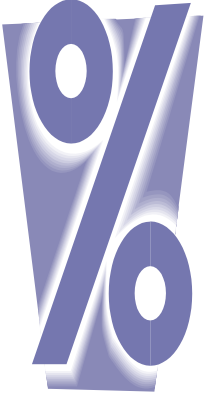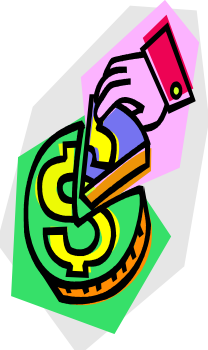| Theory	Description
MASLOW	Abraham Maslow's "Hierarchy of Needs" theory (1943) suggested that every person has 5 basic needs that they will be motivated to try to meet in the following order. *1 PHYSIOLOGICAL* These are basic physical things that your body needs in order to simply survive. For example, food and water. *2 SAFETY* These are basic physical things that help keep you safe from the weather, animals and other people. For example, clothing and shelter. *3 SOCIAL* These are emotions that you want to feel from relationships. For example, giving love and feeling loved in a relationship. *4 ESTEEM* These are emotions that you want to feel from others recognising the value of your work. For example, a sense of prestige from others saying you are the "best" at something. *5 SELF-ACTUALISATION* These are emotions that you want to feel from recognising that you have worked to your maximum potential. Maslow's theory suggests that as different people will be seeking to meet different needs then HRM should try to motivate staff in different ways as they cannot provide the same rewards and expect increasing motivation from all staff. For example, a manager may be strongly motivated by having their "esteem" needs met though a new company car while a lower paid worker may work harder to get more money to provide more food and shelter for themselves.

Theory	Description
McGREGOR	Douglas McGregor published his work on "Theory X" and "Theory Y" in 1960's. This work suggests that there are the following 2 main ways of thinking about staff and how they should be treated in order to get work done. • *THEORY X* This theory suggests that workers are naturally lazy and will resist change and so HRM will need to overcome and fight against this resistance though financial incentives and directly controlling them in order to get adequate work done. • *THEORY Y* This theory suggests that workers are naturally responsible and want to do well (and so are not normally lazy or resist change). This means that if HRM can create the right "working conditions" then staff will respond positively and will be keen to take on more responsibility and so become more productive. McGregor's work suggests that there are different activities which HRM can employ to motivate staff and that those which focus on creating the correct "working conditions" of Theory Y are likely to be the most effective.
HERZBERG	Frederick Herzberg's "Two Factor Theory" (1966) suggests that the following factors affect job satisfaction and staff motivation. • *MOTIVATORS* These are things which staff can experience which will which will actively result in job satisfaction and motivation. Examples include recognition of achievements, responsibility, etc. • *HYGIENE FACTORS* These are necessary things which help avoid staff problems and dissatisfaction but **ARE NOT** usually directly motivating in themselves. For example, company rules and policies. Herzberg's theory suggests that HRM should make sure that they satisfy hygiene needs AND actively provide motivators if they are to get staff are to work to their full potential.

The conclusions of the theories of Maslow, McGregor and Herzberg suggest that the most effective way for HRM to motivate staff is through a combination of **FINANCIAL** and **NON FINANCIAL** incentives. Common examples of these different incentives can be seen below.

1   FINANCIAL INCENTIVES

According to Maslow's Physiological and Safety Needs, McGregor's Theory X and Herzberg's Hygiene Factors, the amount of money that staff are paid (ie their **WAGES**) will – up to a point - affect their motivation. This means that HRM should ensure that they have **WAGES SYSTEMS** that will address these factors and so motivate staff and make them want to stay. Common wage systems that HRM can use can be seen below.

Wage System	Description
SALARY	A salary provides staff with a **FIXED** wage each month. It is calculated by dividing their annual salary by 12 – eg £24,000 per year = £2,000 per month salary (24/12 = 2). This payment system can motivate and retain staff because the steady payment it creates gives staff a secure income. It is also beneficial for employers because as staff know they will get a fixed amount of wages anyway they can focus on delivering a quality product. However, salaries could be demotivating to some staff as they may feel that they are working harder than others for the same pay and this can result in them deciding to decrease their efforts in line with other less committed workers.
HOURLY RATE	An hourly rate provides staff with a **VARIABLE** wage because it is based on how many hours they work. For example, someone who works for 20 hours @£10 per hour will earn £200, while someone who works 20 hours @ 10 hours will only make £100. This payment system can motivate and retain staff because they know that if they do more work then they will make more money (sometimes at higher rates if extra hours are above the expected amount – these hours would be known as **OVERTIME**). However, the use of hourly rate could be demotivate some staff as it may not result in a steady wage and so can make them feel financially insecure.
PIECE RATE	A piece rate provides staff with a **VARIABLE** wage because it is based on how many things they make. For example, staff paid £1 for each component they make on a machine would get £100 if they made 100 components. This payment system can motivate and retain staff because they know that if they do more work then they will make more money. However, the use of piece rate could be demotivating to some staff as they may find that this kind of work boring and so does not create a lot of job satisfaction or development. For the business, this system can also mean that quality drops because staff focus on how much they can make rather than how well they can made it.

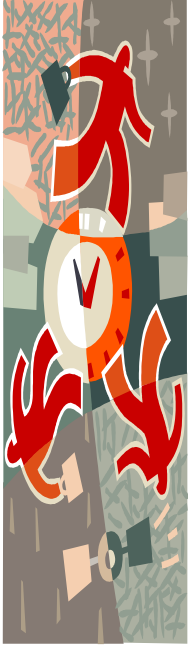| Wage System	Description
COMMISSION	A commission system provides staff with a **VARIABLE** wage because it is usually based on paying them a percentage of the amount of sales that they make. For example, staff may be paid 10% of all products they sell – this would mean that if they sold something for £100 they would get £10. Commissions are often paid in addition to a small salary to ensure a worker always receives some wages.
	This payment system can motivate and retain staff because they know that they can positively affect their wages by doing their job effectively.
	However, the use of commissions could be demotivating to some staff as they may find that they have little financial security because if demand drops they will not be able to make as much money through no fault of their own.
BONUS	A bonus system provides staff with a **VARIABLE** wage because it is usually based on paying them a certain amount of extra money **IF** they reach a target set for them. For example, staff may be paid a £1,000 bonus if they sell 50 products per week all year. As bonuses are extra payments, staff will also get a salary to ensure they always receive at least some wages.
	This payment system can motivate and retain staff because they know that they can earn extra money for staying and working hard in the business.
	However, the use of bonuses could be demotivating to some staff as they may become envious of staff that get better bonuses than them - especially if circumstances outside of their control have affected their bonus (eg unexpected drop in demand).
PROFIT SHARING	A profit sharing system provides staff with a **VARIABLE** wage because it is usually based on paying them a percentage of the profits of the business. For example, staff may be paid 1% of any business profits per year. As profit sharing is an extra payment, staff will also get a salary to ensure they always receive at least some wages.
	This payment system can motivate and retain staff because they know that they can earn extra money for staying and working hard in the business to earn it profit.
	However, the use of profit sharing could be demotivating to some staff as they will not gain any job satisfaction if they work hard all year and the business does not make a profit to share anyway (perhaps due to poor work from other staff).

The wages system used by the business for the employee will be made clear in the **JOB DESCRIPTION** and then in employees' **EMPLOYMENT CONTRACT** (legal agreement between the business and member of staff that sets out what their job is).
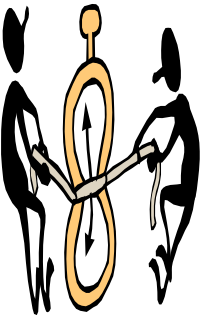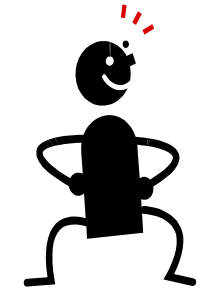
2 NON-FINANCIAL INCENTIVES

According to Maslow's higher needs, McGregor's Theory Y and Herzberg's Motivators, staff at every level are not only motivated by money but other factors too. This means that HRM should ensure that they have **NON FINANCIAL INCENTIVES** that will address these factors and so fully motivate staff and make them want to stay. Common non-financial incentives that HRM can use (in addition to staff development activities) can be seen below.

a   *WORKING PRACTICES*

Staff will want to work at times that suit their personal commitments and often desire some variation and development in their activities. Therefore, HRM should try to ensure that they have suitable **WORKING PRACTICES** (ways of working) that will meet these needs and so motivate staff and make them want to stay. Examples of common working practices used HRM can be seen below.

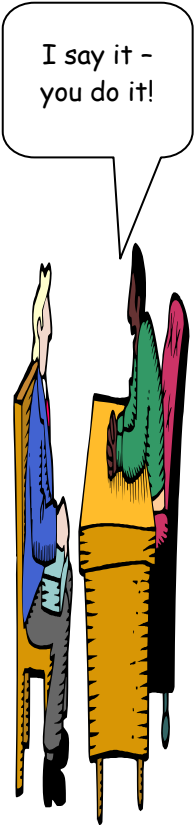| Practice	Description
FIXED HOURS	Here staff work the same pattern of hours and days all of the time. For example, "9 to 5" work for office staff. Use of fixed hours is straightforward for a business to monitor and it also ensures staff are present when required for carrying out work or discussing issues. However, fixed hours can lead to lost work and wages for a business if staff have personal appointments they cannot move (eg hospital appointment).
FLEXITIME	Flexitime means that staff will have to work their contracted number of hours but will have some control about exactly when these hours will be. This is because as long as the staff are in at **CORE TIME** (the busiest hours when they must be available) they can be flexible about when they start and finish as long as all their hours are worked in total. Eg staff could come in 1 hour later than usual and make the time up by working 1 hour later. Flexitime can help motivate and retain staff because it can mean that as staff can fit their working day around personal appointments and commitments (eg dropping children at school) they will work well when present. It can also save the business money because staff will not need paid if they use flexitime instead of taking time off to go to appointments. However, the use of flexitime can mean that the business has to spend extra time and money to keep track of staff in order to make sure that they are working the amount of hours that they should. It can also make communications harder as staff may not all be in at the same time (although scheduling meetings at core time can help with this problem).

Practice	Description
CONDENSED HOURS	Condensed hours means that staff will have to work their contracted number of hours but will able to do them over fewer days than usual. For example, staff could work their 35 hours contracted time over 3 days rather than 5 by doing more work on each of these days.

Condensed hours can help motivate and retain staff because it can mean that as staff can fit their working life around personal commitments (eg freeing up time to watch their children) they will work well when present.

However, the use of condensed hours can mean that the business may find communication harder as staff may not all be in at the same time. |
| **JOB SHARING** | Job sharing involves (usually 2) people sharing the hours and responsibility for one full time job in the business. This means that they will also share the wages for the job on a **PRO RATA** basis – this means based on the share they do. For example if a member of staff only worked 40% of the week, they would only get 40% of the full time salary.

Job sharing can help motivate and retain staff because it can mean that good staff do not have to leave the business because they do not want to work full time (perhaps due to changing family circumstances – eg having a baby) and are happy when they are there because they have hours that suit them.

However, the use of job sharing can mean that less work is completed because the job sharers need time to communicate with each other about what needs done when they are not there. |
| **TELEWORKING** | Teleworking means that staff will be able to use IT technology to complete their work without coming into the business premises. This means that they can work and communicate with their business from other places, eg home, other branches, etc. Examples of IT equipment which can be used for teleworking can be seen below.

- *(LAPTOP) COMPUTERS WITH WEB BROWSER AND E-MAIL SOFTWARE*
- *FAX (sends and receives any image on paper via telephone)*
- *MOBILE PHONE WITH WEB BROWSER AND E-MAIL SOFTWARE*
- *VIDEOCONFERENCE (2 way video calling between IT)*

Teleworking can help motivate and retain staff because it can mean staff will be more satisfied with their due to variety in their working locations. It can also save the business money because they may not need to spend as much on working space as staff will not be there all of the time.

However, the use of teleworking can mean that the business has to spend extra money on buying and maintaining the equipment that staff will need. It can also make it difficult to keep track of how hard staff are working as they are not always present for managers to supervise their work. |

Practice	Description
JOB ENLARGEMENT	Job enlargement involves giving a worker a larger number of simple tasks to complete and so give them a "bigger" job. Job enlargement can motivate and retain staff because it can help them feel that they are contributing more to the business. However, job enlargement can reduce the efficiency and overall output of staff involved as they are now less specialised and have more jobs to prioritise and carry out.
JOB ROTATION	Job rotation involves giving staff variety in their working lives by changing the work that they are responsible for carrying out on a daily, weekly or monthly basis. Job rotation can motivate and retain staff because it develops a wider range of skills in them and can stop them having to permanently carry out a single job monotonously that could lead to boredom and demotivation. This also helps overall business performance as staff are more flexible and so can be moved around to complete the tasks the business needs prioritized. However, job rotation can reduce the motivation and overall output of staff as they may worry that they could lose their job because someone else can now do their work and so could replace them and because as they are now less specialised in carrying out one job well. It can also mean increased costs for a business as staff have to be trained how to carry out a variety of tasks and may want increased wages as they are now more flexible.
JOB ENRICHMENT	Job enrichment involves giving a worker new and more interesting and complex tasks to complete. This should create a more challenging and satisfying job for staff. Job enrichment can motivate and retain staff because it can help them feel that their work is more important and meaningful and that they are contributing more to the business. However, job enrichment can lead to increased training costs as staff are likely to require some additional training to allow them to carry out their new duties effectively.
QUALITY CIRCLES	Quality circles allow staff to meet to try and solve work based problems in order to improve the quality of their output. Quality circles can motivate and retain staff because it can help them feel that their work is more important and meaningful and that they are contributing more to the business. However, quality circles can lead to increased training costs as staff will require some additional training to allow them to carry out their roles effectively.

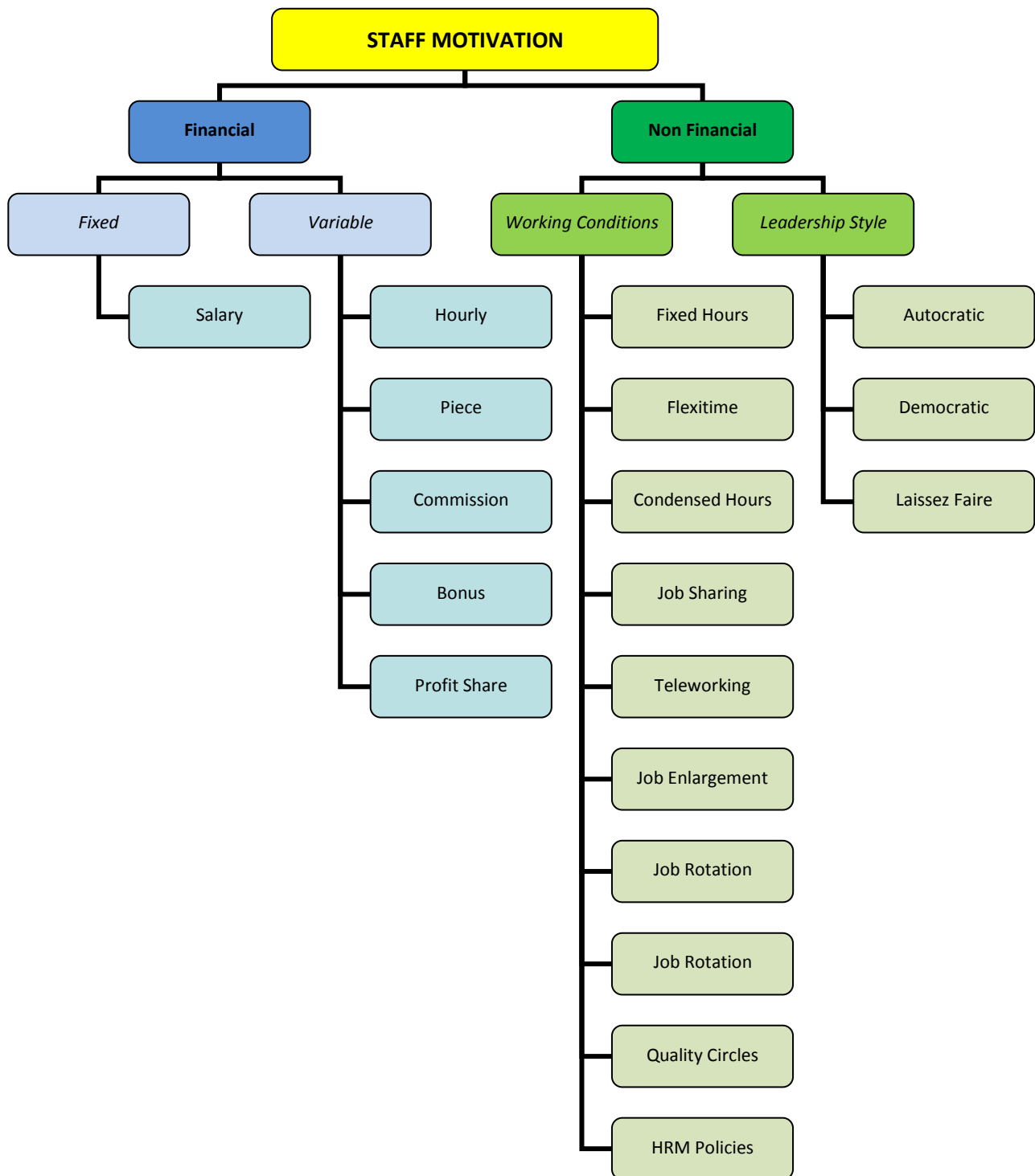| Practice	Description
HRM POLICIES	HRM are responsible for creating and using **POLICIES** and **PROCEDURES** (rules) that will help to motivate staff by creating a supportive and fair working environment for them. Common polices which can help do this can be seen below. • *GRIEVANCE PROCEDURES* These policies let an employee know what they can do if they feel they have been poorly or unfairly treated by their manager or other members of staff. This can help stop inappropriate action and repair damaged relationships which are causing demotivation. • *DISCIPLINE PROCEDURES* These policies let an employee know what will happen to them if they do not do what is expected of them. The steps usually involved in this process will include VERBAL and WRITTEN warnings and SUSPENSION and DISMISSAL for constant or serious indiscipline. • *WELFARE POLICIES* These policies let an employee know what can be done to support them on matters that are linked to their health and wellbeing, eg social teambuilding activities, leave when coping with a bereavement, maternity/paternity/carer leave when having a child, sick pay when ill, etc. These policies must cover all of the different relevant pieces of legislation (laws) and can motivate staff because it shows them they are being looked after. • *HEALTH AND SAFETY POLICIES* These policies set out rules and procedures to be used and followed in order to maintain employee safety. These policies must cover all of the different relevant pieces of legislation (laws) and can motivate staff because it shows them they are being looked after.

b   *LEADERSHIP STYLE*

The term **LEADERSHIP STYLE** refers to the way that managers make decisions and carry out their jobs. Leadership style impacts on staff motivation because it can affect staff working conditions. Common leadership styles which can be used and their impact on motivation are as follows.

Style	Description
AUTOCRATIC MANAGEMENT STYLE I say it – you do it!	The main **FEATURES** of the autocratic (or **AUTHORITARIAN**) leadership style are as follows. • *LITTLE CONSULTATION WITH STAFF ABOUT DECISIONS* • *LITTLE CONCERN ABOUT STAFF OPINION ABOUT DECISIONS* • *ONLY MANAGERS MAKE DECISIONS* • *ORDERS ABOUT WHAT TO DO ABOUT DECISIONS ARE GIVEN TO STAFF* • *STAFF MUST FOLLOW ORDERS ABOUT WHAT TO DO ABOUT DECISIONS* Autocratic leadership tends to only address Maslow's Physiological and Safety Needs, McGregor's Theory X and Herzberg's Hygiene Factors and so can cause the following **PROBLEMS**. • *WASTED STAFF SKILLS FROM LACK OF FREEDOM TO USE THEM* • *POOR OVERALL STAFF MOTIVATION DUE WASTED SKILLS* • *POOR OVERALL STAFF MOTIVATION DUE TO LACK OF CONSULTATION* • *NEGATIVE FEELING TOWARD MANAGEMENT FROM LACK OF CONSULTATION* • *DECISIONS DIFFICULT TO IMPLEMENT DUE TO POOR STAFF MOTIVATION* • *DECISIONS DIFFICULT TO IMPLEMENT DUE TO NEGATIVE STAFF FEELING* • *MORE SUPERVISION NEEDED TO TRY TO IMPLEMENT DECISIONS* However, there are the following **BENEFITS** from autocratic leadership. • *QUICK DECISIONS CAN BE MADE BY MANAGERS* • *CLEAR DIRECTION FOR STAFF AS THERE IS NO DISCUSSION ABOUT ACTIONS* An autocratic leadership style can commonly be found in **TALL** structures due to their numerous managers and in businesses where there are rules that must be followed or there is the likelihood of injury occurring if staff do not do as they are told (eg the police service or army).

Style	Description
DEMOCRATIC MANAGEMENT STYLE *What do you think we should do?*	The main **FEATURES** of the democratic (or **CONSENSUAL** or **PARTICIPATIVE**) leadership style are as follows. • *CONSULTATION WITH STAFF WHEN MAKING DECISIONS* • *CONCERN ABOUT STAFF OPINION WHEN MAKING DECISIONS* • *SOME SHARED DECISIONS WITH STAFF* Democratic leadership can address Maslow's higher needs, McGregor's Theory Y and Herzberg's Motivators and so can bring the following **BENEFITS**. • *GOOD USE OF STAFF KNOWLEDGE/SKILLS FROM INVOLVING THEM IN DECISIONS* • *HIGHLY MOTIVATED STAFF DUE USE OF KNOWLEDGE/SKILLS* • *HIGHLY MOTIVATED STAFF DUE TO CONSULTATION* • *POSITIVE STAFF FEELING TOWARD MANAGEMENT DUE TO CONSULTATION* • *DECISIONS EASIER TO IMPLEMENT DUE TO STAFF MOTIVATION* • *DECISIONS EASIER TO IMPLEMENT DUE TO POSITIVE STAFF FEELING* However, the following **PROBLEMS** can arise from democratic leadership. • *SLOWER DECISION MAKING AS CONSULTATION TAKES TIME* • *DIFFICULTLY IN MAKING A DECISION ALL ARE STAKEHOLDERS ARE HAPPY WITH* A democratic leadership style can commonly be found in **FLAT** structures due to their lack of managers and in **CREATIVE BUSINESSES** (eg ICT, marketing, etc) due to their usual desire to develop new ideas from both managers and staff.
LAISSEZ FAIRE MANAGEMENT STYLE *Do what you think is best for the business!*	The main **FEATURES** of the laissez faire (or **LEAVE ALONE**) leadership style are as follows. • *MINIMUM STAFF DIRECTION FROM MANAGEMENT* • *STAFF ARE ALLOWED TO MAKE DECISIONS ABOUT THEIR OWN WORK* Laissez faire leadership can cause the following **PROBLEMS**. • *LACK OF GUIDANCE FROM MANAGERS CAN CONFUSE STAFF AND LOWER OUTPUT* • *STAFF CAN MAKE POOR DECISIONS WHICH AFFECTS EFFICIENCY* • *INDIVIDUAL STAFF DECISIONS CAN MAKE IT HARD TO DIRECT THE WHOLE BUSINESS* However, laissez faire leadership can address Maslow's higher needs, McGregor's Theory Y and Herzberg's Motivators and so can bring the following **BENEFITS**. • *GOOD USE OF STAFF SKILLS FROM FREEDOM TO USE THEM* • *HIGHLY MOTIVATED STAFF DUE BEST USE OF THEIR SKILLS* • *INNOVATION FROM ALL OF THE INDIVIDUAL STAFF IDEAS AND DECISIONS* • *INNOVATION SUITS CREATIVE BUSINESSES (eg advertising)* A laissez faire leadership style can commonly be found in **FLAT** structures due to their lack of managers and in **CREATIVE BUSINESSES** (eg ICT, marketing, etc) due to their usual desire to develop new ideas from both managers and staff.

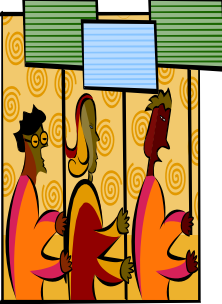A summary of these different financial and non-financial incentives for motivating staff can be seen below.

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                              ┌─────────────────────┐
                              │  STAFF MOTIVATION   │
                              └─────────────────────┘
                    ┌───────────────────┴───────────────────┐
            ┌───────────────┐                       ┌─────────────────┐
            │   Financial   │                       │  Non Financial  │
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EMPLOYEE RELATIONS

> *EMPLOYEE RELATIONS describes the "state" of the working relationship*
> *between EMPLOYERS and their WORKERS and is strongly affected*
> *by how "happy" and motivated workers are.*

Employee relations are generally influenced by the following issues.

- *STAFF DEVELOPMENT AND TRAINING*
- *STAFF PAYMENT SYSTEMS AND WAGES*
- *STAFF PENSIONS*
- *STAFF WORKING CONDITIONS*
- *LEADERSHIP STYLE BEING USED*
- *DECISIONS WHICH AFFECT WORKERS (eg potential redundancies, closures, etc)*

Although developing positive employee relations can be managed as part of the day to day interactions between employers and employees, this is difficult in larger businesses due to the number of people involved and the complexity of the issues to be addressed. Therefore, the management of employee relations in large businesses often involves the following parties.
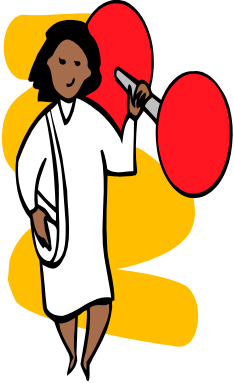
Party	Description
EMPLOYERS ASSOCIATION 	These are organisations that have been set up to represent the **SPECIFIC** interests of **EMPLOYERS** in **ALL** of the subscription paying businesses within one industry sector. For example the Meat Marketing board represents all subscribed butchers. In addition to these individual associations, there is also an employers association which represents the interests of many companies in MANY sectors and this is known as the **CONFEDERATION OF BRITISH INDUSTRY** (**CBI**). The main services provided by employers' associations and the CBI to their members are as follows. • *PROVISION OF LEGAL, FINANCIAL AND ECONOMIC ADVICE* • *PROVISION OF MARKET RESEARCH* • *PUBLIC RELATIONS ACTIVITIES* • *PRESSURE GROUP WITH GOVERNMENT (on business laws, etc)* • *ASSISTANCE WITH EMPLOYEE RELATIONS ACTIVITIES*
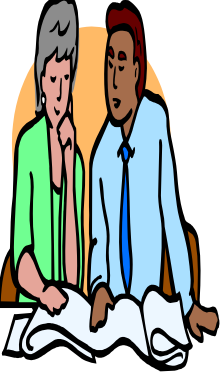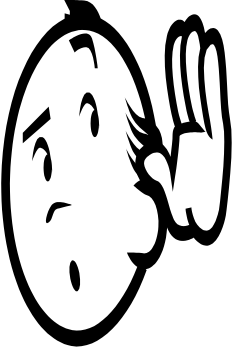
Party	Description
TRADE UNION	These are organisations which have been set up to **COLLECTIVELY** (ie as a group) represent the interests of subscription paying member **WORKERS** within one or several businesses. Examples include the EIS (teachers), UNISON (council workers), etc. In addition individual unions, there is also an association which represents and regulates many individual trade unions and workers is known as the **TRADES UNION CONGRESS** (**TUC**) which supports the **LABOUR PARTY**. The main services provided by trade unions and the TUC to their members are as follows. • *PROVISION OF LEGAL, FINANCIAL AND ECONOMIC ADVICE* • *PROVISION OF MARKET RESEARCH* • *PUBLIC RELATIONS ACTIVITIES* • *PRESSURE GROUP WITH GOVERNMENT (on workers' rights, etc)* • *ASSISTANCE WITH EMPLOYEE RELATIONS ACTIVITIES* Trade Unions were established in the UK about 200 years ago because most individual workers had little power to influence decisions about their job, whereas when many workers joined together they increased their collective power and influence. However, some people believe that the collective power that Trade Unions can wield on behalf of their members can become excessive and result in the following problems (which occurred in the 1970's). • *MONOPOLISING LABOUR MARKETS AND MAKING UNFAIR WAGE DEMANDS* • *MONOPOLISING LABOUR MARKETS AND DEMANDING UNFAIR PRACTICES* • *UNDULY DISRUPTIVE INDUSTRIAL ACTION* However, these problems are not as common in the UK today because of the following factors. • *FALLING MEMBERSHIP (due to unemployment in unionised industries, eg coal)* • *FALLING MEMBERSHIP (due to more small businesses with less unionised staff)* • *FEWER UNIONS (due to mergers of falling membership unions)* • *DECREASED POWER (due to Govt legislation limiting industrial action)* • *DECREASING PUBLIC SUPPORT DUE TO NEGATIVE PUBLICITY* • *HRM ACTIVELY TRYING TO CREATE POSITIVE EMPLOYEE RELATIONS*
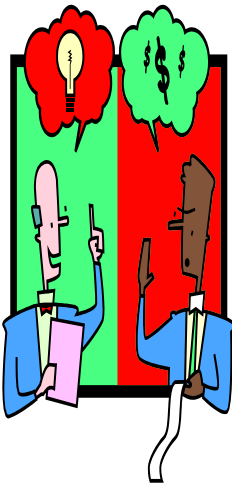
Party	Description
ACAS	ACAS stands for Advisory, Conciliation and Arbitration Service. It is mainly funded by the Department for Business, Innovation and Skills (BIS) but is **NOT** directly controlled by the Government and so is seen to be an **INDEPENDENT** and **IMPARTIAL** body. ACAS aims to improve the performance and effectiveness of businesses by helping them to improve employment relations. ACAS does this through the following activities. • *PROVIDING UP TO DATE INFORMATION AND ADVICE* • *PROMOTING GOOD PRACTICE THROUGH TRAINING SEMINARS* • *CONCILIATING DISPUTES (helping repair relations and prevent industrial action)* • *ARBITRATION (making an impartial decision to resolve a dispute)*

No matter the size of a business, positive employee relations can be developed through using **FINANCIAL** and **NON FINANCIAL INCENTIVES** to effectively **MOTIVATE** and **LEAD** staff.

Businesses can further develop positive employee relations by also making use of the following **EMPLOYEE RELATIONS ACTIVITIES** when making decisions about issues that affect workers (eg pensions, redundancy, closures, growth, etc).

Activity	Description
EMPOWERMENT	Empowerment involves giving some authority and responsibility to staff in the following ways. • *ALLOWING STAFF TO MAKE SOME DECISIONS (eg offering a discount to a customer)* • *ALLOWING STAFF TO DECIDE HOW TO PRIORITISE AND ORGANISE SOME WORK* • *RECOGNISING AND PRAISING STAFF ACHIEVEMENTS* Empowerment can help develop positive employee relations because the "power" that it gives staff over their working lives creates in them a sense of being valued and allows them to work to their full potential (which can increase their motivation and commitment). The overall effectiveness of empowering staff in a business will vary with the impact of the following factors. • *EMPLOYEE MOTIVATION/ABILITY (as this limits what they can be trusted to do)* • *LEADERSHIP STYLE (eg autocratic managers will use little empowerment)* • *SUPPORT AVAILABLE (eg training may be needed to help staff make decision making)*

Activity	Description
APPRAISAL	An appraisal (or **PERFORMANCE REVIEW**) is a meeting between a member of staff and their manager which aims to do the following. • *IDENTIFY STAFF STRENGTHS* • *IDENTIFY STAFF AMBITIONS AND CHECK THIER SUITABILITY FOR PROMOTION* • *ALLOW STAFF TO RAISE ANY CONCERNS THAT NEED TO BE ADDRESSED* • *IDENTIFY ANY STAFF TRAINING NEEDS TO BE ADDRESSED* • *SET TARGETS FOR FUTURE STAFF ACTIVITIES* A successful appraisal should have the following **BENEFITS**. • *STAFF MOTIVATION CAN BE IMPROVED BY POSITIVE MANAGEMENT FEEDBACK* • *STAFF MOTIVATION CAN BE IMPROVED BY ALLOWING STAFF TO USE THEIR STRENGTHS* • *STAFF MOTIVATION CAN BE IMPROVED BY IDENTIFYING PROMOTION OPPORTUNITIES* • *BUSINESS PERFORMANCE IS IMPROVED THROUGH MOTIVATED STAFF* • *BUSINESS PERFORMANCE CAN BE IMPROVED THROUGH TRAINING TO ADDRESS ISSUES* • *BUSINESS PERFORMANCE CAN BE IMPROVED THROUGH SETTING TARGETS FOR STAFF* However, if appraisal is carried out poorly, then business performance can suffer as staff become **DEMOTIVATED** from unfair criticism or a lack of recognition from their managers. Therefore, to prevent these problems and so ensure appraisal is positive, appraisals should be a **FORMAL** meeting. This means that it will be **STRUCTURED** – ie it will be on a specific date (to allow preparation), will involve specific questions and have a record kept of what happened.
CONSULTATION	Consultation involves employers seeking the opinions of workers on decisions which affect them before they are made. This discussion can develop positive employee relations because it can make workers feel listened to and valued and may result in better outcomes to decisions due to the ideas from workers. However, as the final decision lies with employers they do not have to take account of all or any of the workers' opinions received – if this repeatedly happens then workers will become demotivated by consultation activities as they will believe that their opinions do not really matter and that the process is patronising and wasting their time. Examples of ways consultation can take place can be seen below. • *WORKS COUNCIL* This is a council (or committee) made up of employees which will directly speak with management about decision making on behalf of the workforce. • *QUALITY CIRCLES* This is a group of employees which discuss production and quality decisions with management as they are looked upon as experts in these matters. • *EMPLOYEE SUGGESTION SCHEMES* Here staff can contribute opinions and ideas about any matter at any time by completing a suggestion card or making an online comment which will be passed to management for them to consider.

Activity	Description
NEGOTIATION	Negotiation involves employers and workers discussing employee relations issues and coming to an agreement about what should be done that both parties can accept. This agreement is usually reached through **BARGAINING** (agreeing on certain things that will happen after the decision) and **COMPROMISE** (being willing to be flexible in demands in order to reach a solution that is acceptable to all involved). This process can develop positive employee relations because it can make workers feel that they have some control of the outcome of decisions and so are valued and able to positively affect their working lives. Examples of negotiating activities which can be used can be seen below. • *SINGLE UNION AGREEMENTS* Here both employers and employees agree to recognise and operate only one Trade Union within the work place to make it easier to reach agreement as this will minimise delays and conflicting union demands. • *COLLECTIVE BARGAINING* Here workers negotiate their pay and conditions with their employer as a single group (which is usually represented by their Trade Union). This should make it faster and easier to reach agreement as the collective settlement will be accepted by all staff as a group and so further negotiation will not be needed. Collective bargaining usually takes place as follows. o *Both sides state their positions (eg workers want 5% pay rise – employers offer 2%).* o *Bargaining and compromise will take place to reach an agreement (eg 3% rise).* o *Workers are consulted about if they can accept the negotiated agreement.* o *If the agreement is accepted it will be auctioned (ie staff get 3% rise).* o *If the agreement is NOT accepted then further negations will start (eg ask for 4%).* o *If, even after further negotiation and consultation, no agreement can be reached then it is likely that arbitration will be needed to prevent industrial action.*
ARBITRATION	Here employers and employees decide that a decision about an employee relations issue will be made by an impartial party and that they will both agree to accept this decision. Arbitration is commonly undertaken by ACAS and used when negotiation has failed. Although it is voluntary to take part in arbitration it is popular because it is a more private and less formal alternative to using the Courts to resolve such matters.

The use of the above activities to motivate staff and develop positive employee relations is very important because it directly affects the success of a business for the following reasons.

1   LOWERED COSTS AND INCREASED BUSINESS PERFORMANCE

Motivated and settled staff will lower the costs of the business and so increase returns for the following reasons.

- *RETAINING STAFF PREVENTS SPENDING LOTS OF MONEY REPEATEDLY RECRUITING NEW STAFF*
- *RETAINING STAFF MEANS ANY MONEY SPENT ON TRAINING WILL BE VALUE FOR MONEY*
- *RETAINING STAFF MEANS THAT LESS FREQUENT TRAINING MAY BE NEEDED WHICH SAVES MONEY*
- *MOTIVATED STAFF WILL USUALLY PRODUCE MORE PRODUCTS*
- *MOTIVATED STAFF WILL USUALLY PRODUCE PRODUCTS TO HIGHER QUALITY STANDARDS*
- *MOTIVATED STAFF WILL USUALLY PROVIDE HIGH LEVELS OF CUSTOMER SERVICE*
- *LOWER COSTS AND BETTER QUALITY PRODUCTS WILL INCREASE BUSINESS RETURNS*
- *INCREASED BUSINESS RETURNS WILL INCREASE JOB SECURITY FOR STAFF*
- *INCREASED BUSINESS RETURNS MAY RESULT IN HIGHER WAGES FOR STAFF*

2   PREVENTS INDUSTRIAL ACTION

Industrial Action involves staff disrupting business activities as a protest about something they are unhappy with or demotivated about. They will do this in the hope that it will convince employers to listen to their demands and negotiate a settlement that they can accept. Common forms of industrial action that staff may take can be seen below.

Industrial Action	Description
STRIKE	This involves the workers who are unhappy **REFUSING TO WORK**. This has to be authorised by a **BALLOT** (vote) carried out by the workers' **TRADE UNION**. When this happens no production will take place at all and so there will be no sales and profits will fall. This can mean a lack of cash for the business and an increases the possibility of bankruptcy and closure. Strikes may also damage the reputation of the business and so deter lenders and customers from dealing with it in the future – this can lead to further cashflow problems. The decision to strike is not usually taken lightly by workers as they will lose their wages while striking and may destabilise the business so much that they end up losing their jobs.
PICKETING	This involves the workers who are unhappy going on strike, and then peacefully protesting at their **OWN WORKPLACE ONLY** to try and **PERSUADE OTHER WORKERS** to join them. This can mean that a strike can increase in size and impact.
GO SLOW	This involves the workers who are unhappy doing their work as **SLOWLY** as they can without actually breaking their contract terms. This can slow down overall production and lead to problematic delays which can decrease customer satisfaction and loyalty. This may mean customers stop using the business and so sales and cashflow could worsen.
WORK TO RULE	This involves the workers who are unhappy doing only what is **EXACTLY** in their contract terms. This can slow down overall production and lead to poor customer service which can decrease customer satisfaction and loyalty. This may mean customers stop using the business and so sales and cashflow could worsen.
OVERTIME BAN	This involves the workers who are unhappy doing **NO OVERTIME** (extra hours of work). This can slow down overall production and lead to problematic delays which can decrease customer satisfaction and loyalty. This may mean customers stop using the business and so sales and cashflow could worsen.

The amount of damage that Industrial Action will cause depends on following factors.

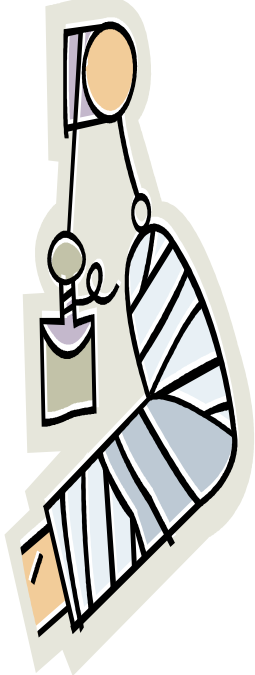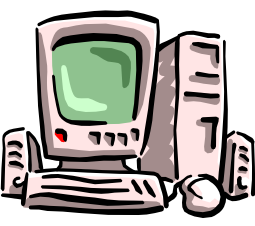| Factor	Impact
NUMBER OF STAFF INVOLVED	If **MANY STAFF** are involved in Industrial Action then this will cause **LARGE PROBLEMS** for the business due to the large impact this has on production, sales and profits. On the other hand, if only a **FEW STAFF** are involved then this will usually only cause **SMALL PROBLEMS** for the business due to the small impact this has on production sales and profits.
IMPORTANCE OF STAFF INVOLVED	If **IMPORTANT STAFF** are involved in Industrial Action then this will cause **LARGE PROBLEMS** for the business due to the large impact this has on production, sales and profits. On the other hand, if only **LESS IMPORTANT STAFF** are involved then this will usually only cause **SMALL PROBLEMS** for the business due to the small impact this has on production sales and profits.
PUBLIC SUPPORT	If the public and buyers **SUPPORT** workers then this will cause **LARGE PROBLEMS** for the business as they stop buying from it. This situation can force HRM into trying to please workers and the public to raise sales again. On the other hand, if the public **DOES NOT SUPPORT** workers then situation can force them into stopping their Industrial Action.
TIME	If Industrial Action carries on for a **LONG TIME PERIOD** then this will cause **LARGE PROBLEMS** for the business due to the large impact this has on production sales and profits. On the other hand, if Industrial Action only lasts for a **SHORT TIME PERIOD** then this will usually only cause **SMALL PROBLEMS** for the business due to the small impact this has on production, sales and profits.

LEGISLATION COMPLIANCE

> ***LEGISLATION COMPLIANCE*** *is all about trying to make sure that the business is following all of the **LAWS** that affect how staff must be treated.*

HRM must make sure that a business follows the variety of legislation (laws) shown because if they do not, then the business will face legal action that could result in fines or criminal charges.

1   HEALTH AND SAFETY LEGISLATION

By law, HRM must take steps to make sure that employees are kept safe and healthy at work. The main laws and their implications for this area of HRM's work can be seen below.

Law	Implications
HEALTH AND SAFETY AT WORK ACT (1974) *[HASAW]*	This law sets out a number of things that EMPLOYERS (managers) and EMPLOYEES (workers) MUST do to keep the workplace safe and PREVENT accidents and injuries. Under HASAW, EMPLOYERS must do the following. • *PROVIDE SAFE ENTRANCE AND EXIT FROM WORK* • *ENSURE SAFE WORKING METHODS (ie ways of doing work)* • *ENSURE EQUIPMENT IS SAFE AND WELL MAINTAINED* • *PROVIDE PROTECTIVE CLOTHING WHEN NECESSARY* • *ARRANGE SAFE USE AND STORAGE OF HAZARDOUS SUBSTANCES* • *PREPARE AND KEEP UP TO DATE A HEALTH AND SAFETY POLICY* • *PROVIDE INFORMATION AND TRAINING ON HEALTH AND SAFETY* • *ALLOW HEALTH AND SAFETY REPRESENTATIVES* Under HASAW, EMPLOYEES must do the following. • *TAKE RESPONSIBILITY FOR THEIR OWN HEALTH AND SAFETY* • *MAKE SURE THEIR ACTIONS DO NOT PUT OTHERS AT RISK* • *COOPERATE WITH THEIR EMPLOYER ON HEALTH AND SAFETY* • *NEVER MISUSE ANYTHING PROVIDED FOR HEALTH AND SAFETY*
HEALTH AND SAFETY (DISPLAY SCREEN) REGULATIONS (1992)	This law sets out a number of things that EMPLOYERS MUST do to protect any staff that are using COMPUTER EQUIPMENT from EYESTRAIN, BACKACHE, HEADACHES or REPETITIVE STRAIN INJURY (RSI). EMPLOYERS will protect staff by doing the following. • *PROVIDE USERS WITH NECESSARY TRAINING* • *ORGANISE WORK SO IT USERS HAVE REGULAR BREAKS* • *ENSURE WORKSTATIONS CAN BE ADJUSTED TO USERS NEEDS*

2   CONDITIONS OF SERVICE LEGISLATION

By law, the HRM Department must make sure that employees are treated in certain ways. The main laws and their implications for this area of HRM's work can be seen below.

Law	Implications
EMPLOYMENT RIGHTS ACT (1996)	This law sets out the following basic rights for employees. • *A WRITTEN EMPLOYMENT CONTRACT* • *A MINIMUM NOTICE PERIOD FOR REDUNDANCY* • *MINIMUM REDUNDANCY PAYMENT* • *RIGHT TO NOT BE UNFAIRLY DISMISSED* • *MATERNITY LEAVE AND RE-INSTATEMENT* • *RIGHT TO TAKE TIME OFF WORK (for illness, etc)* • *ACCESS TO AN INDUSTRIAL TRIBUNAL TO RESOLVE ISSUES IF NEEDED*
MINIMUM PAY ACT (1998)	This law sets a **MINIMUM** rate of pay that different ages of workers must receive from businesses.
EQUALITY ACT (2010)	The primary purpose of this law is to consolidate and extend previous UK anti discrimination laws. This law does this by seeking to offer protection to staff and customers on the basis of the following broad range of "protected characteristics". • *AGE* • *SEX and GENDER REASSIGNMENT* • *DISABILITY* • *MARRIAGE AND CIVIL PARTNERSHIP* • *RACE* • *RELIGION OR BELIEF* • *SEXUAL ORIENTATION* This law provides protection to people with the above characteristics by placing a duty on employers and service providers to make reasonable adjustments to premises to overcome barriers experienced by disabled people and by making the following actions illegal during recruitment and in working conditions. • *DIRECT DISCRIMINATION (where someone is treated less favorably than someone else on the basis of one of the protected characteristics – eg not being recruited because they are a woman)* • *HARASSMENT (where behavior deemed offensive by the recipient occurs even if it not directed at them – eg use of racist language)* • *VICTIMISATION (when someone is treated badly because they have made or supported someone else's complaint under this legislation)*

3   DATA MANAGEMENT LEGISLATION

HRM will often keep records of the following.

- *BASIC EMPLOYEE DATA (eg personal details, post, salary, etc)*
- *EMPLOYEE TRAINING DATA*
- *EMPLOYEE ABSENCE DATA*
- *RECRUITMENT AND SELECTION DATA*
- *HOLIDAY DATA*
- *SALARY DATA*
- *LABOUR TURNOVER DATA (ie number of staff that leave)*
- *HEALTH AND SAFETY DATA*

This information will be kept for the following reasons.

- *MONITOR EMPLOYEE PERFORMANCE (eg check employee is not absent too much without reason)*
- *PROVIDE INFO FOR EMPLOYEE DEVELOPMENT (eg evidence for promotion)*
- *PROVIDE EVIDENCE FOR EMPLOYEE DISMISSAL*
- *PROVIDE ADVICE TO NON-HRM STAFF (eg advice for managers about supporting their staff)*

By law, the HRM Department must make sure that this information about business activities and employees is managed effectively. The main laws and their implications for this area of HRM's work can be seen below.

Law	Implications

DATA PROTECTION ACTS (1984 and 1998)	These laws regulate the use of ELECTRONIC information as follows.
	
	• *USERS OF ELECTRONIC INFO (DATA USERS) MUST REGISTER WITH THE GOVERNMENT'S DATA PROTECTION REGISTRAR TO SAY WHAT THEY HOLD AND WHAT IT IS USED FOR*
	
	• *DATA USERS MUST FOLLOW THE DATA PROTECTION PRINCIPLES BELOW*
	
	    ○ *info should be collected and processed fairly and lawfully*
	    ○ *info should be held only for the lawful specified purposes in the register*
	    ○ *info should be used only for the lawful specified purposes in the register*
	    ○ *info should be disclosed only to those people described in the register*
	    ○ *info should be adequate, relevant and not excessive*
	    ○ *info should be accurate and kept up to date*
	    ○ *info should be held for no longer than necessary*
	    ○ *info should be protected by proper security*
	
	• *INDIVIDUALS CAN ACCESS THE DATA HELD ABOUT THEM (AND HAVE IT CORRECTED OR ERASED IF IT IS WRONG) UNLESS THE INFO IS USED FOR*
	
	    ○ *preventing or detecting crime (ie police information)*
	    ○ *catching or prosecuting criminals (ie police or legal info)*
	    ○ *assessing or collecting tax or duties*
	    ○ *some health and social work details*
	    ○ *national security (eg some military information)*
	
	• *INDIVIDUALS CAN CONTACT THE REGISTRAR ABOUT DATA USERS WHO DON'T FOLLOW THE GUIDELINES SO THAT THE REGISTRAR CAN SERVE ONE OF THE FOLLOWING NOTICES TO CORRECT OR PUNISH THE DATA USERS ACTIONS.*
	
	    ○ *enforcement notice (action must be taken to follow principles)*
	    ○ *deregistration notice (cancels the data user's register entry)*
	    ○ *transfer prohibition notice (stops transfer of data overseas)*
	
	• *DATA USERS CAN BE TAKEN TO COURT IF THEY DO NOT FOLLOW NOTICES*

Law	Implications
FREEDOM OF INFORMATION (SCOTLAND) ACT (2002)	This law creates a **GENERAL RIGHT OF ACCESS** to information held by **PUBLIC SECTOR** businesses – for example, local authority spending on teacher's wages. To access this kind of information, a person would outline the information that they would like in a **FREEDOM OF INFORMATION REQUEST** (FOI Request) and send it to the relevant public sector business. Any person can request information under the act and there is no special format for a FOI Request. Applicants do not have to give a reason for their FOI Request. On receipt of a FOI Request, a public sector business has to inform the applicant whether or not it holds the information they want. The public sector business usually has 20 days to do this. If the public sector business does hold the required information, it will then have to communicate it to the applicant unless the FOI request is rejected for any of the following reasons. • *IT IS AGAINST THE PUBLIC INTEREST (eg disclosing it would harm investigations)* • *IT IS TOO COSTLY (if a request will cost more than £600 to process it can be refused)* • *IT IS VEXATIOUS (eg it lacks any serious value, is very unreasonable, or distresses staff)* If a person making a FOI request considers that it has been wrongly rejected on any of these grounds, then they may apply to the **SCOTTISH INFORMATION COMMISSIONER** to review the request and if necessary order disclosure. As well as the above general right of access, the Act places a duty on public businesses to adopt and maintain pro-active **PUBLICATION SCHEMES** for the routine release of important information (such as annual reports and accounts). These publication schemes must be approved by the Scottish Information Commissioner.

WHICH FACTORS CAN AFFECT THE SUCCESS OF HRM ACTIVITIES?

The success of any HRM activities undertaken by a business will be affected by the following factors. Therefore, a business should monitor each of these factors carefully and adjust their activities to deal with them in order to make sure that its' staff are as effective as possible.

1   INTERNAL FACTORS

Issue	Activity
FINANCE	When a business has **LOTS** of finance (money) then it can make afford to carry out lots of helpful HRM activities – eg setting high staff wages, investing in training, etc. When a business does not have lots of money then the efficiency and quality of its HRM and staff is likely to be limited.
EQUIPMENT	When a business has **LOTS** of modern and efficient equipment then it can afford to use IT for online recruitment and training. When a business has out of date or poorly maintained equipment then this will not be the case.
HUMAN RESOURCES	When a business has **LOTS** of well trained staff then it can undertake effective work that will lead to quality operational activity and high levels of customer service. When a business has ineffective staff then mistakes will be made and poor customer service could occur.
MANAGEMENT	When a business has a **SKILLED** and **COMMITTED** HRM team then beneficial decisions about recruitment, training, staff motivation and employee relations will be made. If the HRM management team is not effective then quality and output will suffer due to poor and demotivated staff and so the business may face closure.

2   EXTERNAL FACTORS

Issue	Activity
POLITICAL ISSUES	The Government regularly affects an organisation's HRM through legislation and policies that affect the treatment and activities of staff. For example, the Equality act will ensure that HRM has work to eliminate discrimination in the treatment of staff.
ECONOMIC ISSUES	Economic forces such as **INTEREST**, **UNEMPLOYMENT** and **INFLATION RATES** may affect an organisation's HRM activities. For example, inflation will make the cost of products increase which can encourage staff to take industrial action to try and get a rise in wages to keep up with these rises – HRM will have to address this issue.
SOCIAL ISSUES	The working expectations and demands of the staff regularly vary and change. These factors must be constantly accounted for by HRM in order to make sure that it continues to address the needs of workers in order to keep them motivated and retain their services.
TECHNOLOGY ISSUES	Technology has affected HRM in the following ways. • TECHNOLOGICAL REDUNDANCY • ONLINE RECRUITMENT AND APPLICATIONS • ONLINE TRAINING • TELEWORKING • ELECTRONIC DATA MANAGEMENT
ENVIRONMENT ISSUES	HRM processes which help staff deal with environmental issues (eg using teleworking to prevent wasted time in traffic jams when travelling to work) have become more necessary in recent years due to increasing staff and public support for these practices.
COMPETITIVE ISSUES	If HRM in competitor businesses is better in terms of recruitment, training and motivation then it will be difficult to employ or retain effective staff without the HRM of a business actively working to address these issues.