

GCSE Business Studies

Human Resource Planning



These documents are part of a larger blended learning pack, developed to support GCSE Business Studies. Each document is complemented by a range of digital resources.

These digital resources could be used for whole class stimulus and discussion before directing the students to the corresponding work in the PDF documents, or the students could be asked to work in groups on the paper resources found in the packs and then the digital resource used for feedback and to check understanding.

Recruiting Workers

The recruitment process

The business will identify a vacancy in the organisation.

There are certain steps in the recruitment process, which must be carried out in the correct order.

1. JOB DESCRIPTION

The job description is a written statement about the job. It provides details such as:

- Job title. This gives an indication of the nature of the work to be done, as well as the duties and responsibilities of the role.
- The superiors i.e. who the worker will be responsible to.
- The subordinates i.e. workers the individual will supervise.
- Pay which will be based on the hours worked or work completed.
- Days and hours worked, whether the job is part or full-time.
- Holiday entitlement.
- Location of the work and / or the address of the business.
- Date to start.

2. PERSON SPECIFICATION

The person specification is a written statement about the ideal person for the job, it provides details such as:

- The qualifications held by the person applying.
- The relevant experience of the applicant.
- The skills of the applicant.
- The personality of the applicant i.e. is he or she pleasant and friendly?
- The interests of the applicant.

Imagine that you are the owner of a small café called 'Snack Attack'. Recently the business has become a lot busier and you need to employ a part-time member of staff.

You need to identify the job vacancy.



JOB DESCRIPTION

Waiter/Waitress

Part time work- 16 hours per week

£6.50 per hour

**Snack Attack, 16 The High Street,
Merthyr Tydfil, CF48 2BW**

THE JOB DESCRIPTION IS ABOUT THE JOB NOT THE PERSON

You need to decide on the type of person you want to employ and what the job requires in terms of the person's skills, qualities, qualifications and experience.



PERSON SPECIFICATION

Experienced waiter/waitress

Friendly and polite

Good communication skills

THE PERSON SPECIFICATION IS ABOUT THE PERSON NOT THE JOB

By combining the person specification and the job description the business is able to create a JOB ADVERT.

Here is the Job Advert for the Snack Attack waiter/waitress. This might go into the JOB CENTRE or the local NEWSPAPER.

WANTED

PART TIME WAITER / WAITRESS

SNACK ATTACK,
 16 The High Street,
 Merthyr Tydfil,
 CF48 2BW

**£6.50 per hour for 16 hour
week**
Overtime possible

Applicants must be experienced and must
 have a friendly, polite manner when dealing
 with customers

Contact the proprietor, Mrs R. Phillips
 for an application form or phone:
 01685 724834

Can you recognise elements of both the job description and person specification in the advert?

In the table below list two of the requirements for the job which come under the heading job description and two under person specification.

Job Description	Person Specification
1.	1.
2.	2.

3. APPROPRIATE ADVERTISING

Where might you see a job advert? Try to think of at least 4 different places you may see a job advertised.

- (i)
- (ii)
- (iii)
- (iv)

It is important to note that where the job is advertised will largely depend upon the actual job.

If it is unskilled or low skilled job then the advert will probably be local e.g. the local newspaper or the local Job Centre Plus. If it is a specialist job and, quite likely, highly paid, the job will be advertised in the national newspapers or through specialist agencies.

4. APPLYING FOR THE JOB

This might be done by completing an application form, sending a letter of application or providing a potential employer with a copy of your CV.

A CV (curriculum vitae) is a short history of yourself, concentrating on your qualities and work experience. You prepare it yourself. Again it might be sent with a letter of application and/or an application form.

Application forms are provided by the business for the applicant to complete with relevant details for the business owner to decide whether the person meets the job description.

Letters of application allow the applicant to write in their own style to show whether they are the right person. Sometimes businesses ask people to complete an application form and to write a letter.

Here is an application form for the Snack Attack waiter/waitress job which you have seen advertised previously. Complete this application form as if you were applying for the job.

Snack Attack

SNACK ATTACK
16 The High Street, Merthyr Tydfil
CF48 2BW

Personal Information

Name:

Address:

Post code:

Current Employment Information

Job Title:

Place of work:

Describe your current duties:

Education Information

Name and Address of Secondary School:

5. SHORTLISTING

Let's assume that 20 people sent in an application form for the job of waiter/waitress for the part-time job in Snack Attack. The business will need to narrow these applicants down to about 5 people before asking them to come for an interview.

Narrowing down is called **SHORTLISTING**. Which of the following do you think is appropriate to use in the shortlisting process.

He/she has blonde hair	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>
He/she could not spell 'Snack Attack' correctly	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>
He/she wrote their application form in pencil	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>
He/she has not had any experience	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>
He/she wants to work full time	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>
He/she is from a minority ethnic group	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>
He/she is 50 years of age	Appropriate	<input type="checkbox"/>
	Inappropriate	<input type="checkbox"/>

6. REFERENCES

When the business has shortlisted say 5 people, they will hold interviews to see who will get the job. Before the interviews are held and probably just after shortlisting they will ask for REFERENCES for each of the candidates they intend to interview.

The REFEREES will be people who will give character statements and also provide information about the working standards of the applicant. Referees will usually be past employers and professional people such as solicitors, teachers and doctors.

7. INTERVIEWS

The shortlisted candidates will then be called for an interview so that the business owner can judge who they believe to be the best person for the job.

The people being interviewed also have the opportunity to meet people in the business and decide whether this is the place they would like to work.

Which of the following do you consider to be good or bad behaviour/characteristics if you want to get a job at Snack Attack:

<p>You arrive 10 minutes early for the interview</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>You are wearing, jeans, trainers and a jumper</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>You have prepared questions to ask the owner of Snack Attack</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>Your finger nails are dirty</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>You slouch in the chair</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>You sound confident and cheerful</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>You swear during a conversation with the owner</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>
<p>The only question you ask is about pay</p>	<p>Good <input type="checkbox"/></p> <p>Bad <input type="checkbox"/></p>

You are the owner of Snack Attack. Decide on **four** questions you will want to ask at the interview and decide the best sort of **answer** you would be looking for.

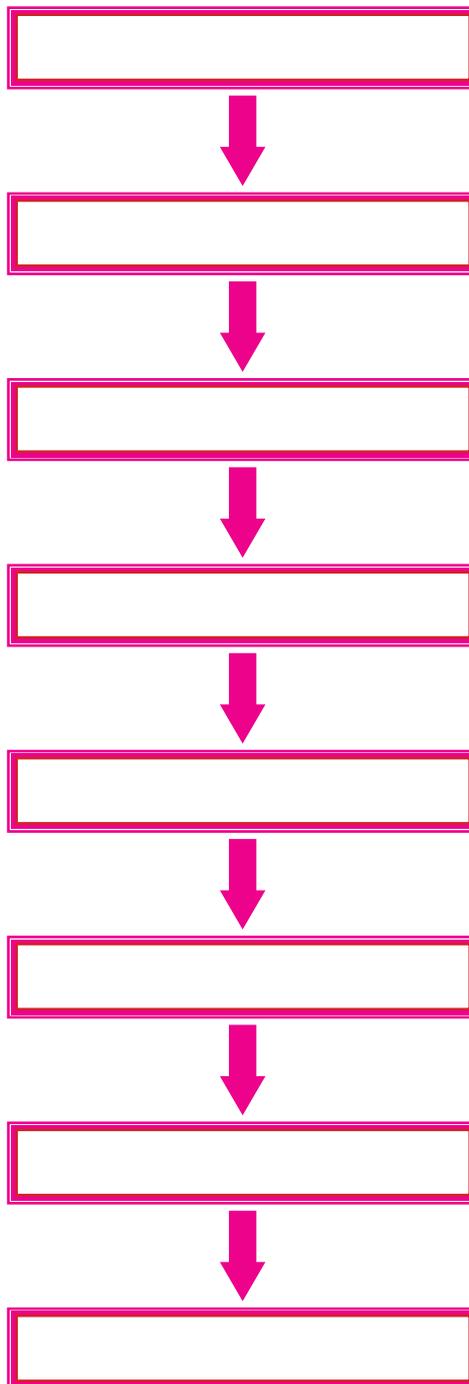
Questions	Best Answers

8. OFFERING THE JOB

The owner of Snack Attack will then decide who is the most appropriate applicant and offer them the job. The appointment of the most suitable applicant is the final stage of the recruitment process.

Complete the flowchart of the recruitment process by placing the steps in the correct order:

- | | | |
|---------------------------|----------------------|-------------------|
| Interview | Person specification | Shortlist |
| Job description | Identify vacancy | Appoint applicant |
| Advertise the job vacancy | References | |



Training of Workers

Induction training

At the start of a new job, training is called INDUCTION. The sort of areas new workers need to be trained in when they start a new job include:

- Training on how to use the machinery.
- Health and Safety training.
- Training about what to do in emergencies – Where’s the fire escape?
- Training about shift patterns, breaks and so on.

In-Service training

IN-SERVICE training comes after you’ve been in a job for some time. Workers who have been employed in one place for 10 years may need in-service training because the firm needs to update workers on new technology or needs to move workers to a different area of work.

Training can be expensive for the firm, but it is necessary.

Decide which of the following is a reason why a firm needs to train workers.

To motivate the workers	Need Training <input type="checkbox"/>	Don't need Training <input type="checkbox"/>
To make sure machinery doesn't get dusty	Need Training <input type="checkbox"/>	Don't need Training <input type="checkbox"/>
To make sure workers know what they are doing	Need Training <input type="checkbox"/>	Don't need Training <input type="checkbox"/>
To stop workers leaving the firm	Need Training <input type="checkbox"/>	Don't need Training <input type="checkbox"/>
To update workers on new technology	Need Training <input type="checkbox"/>	Don't need Training <input type="checkbox"/>
To please the government	Need Training <input type="checkbox"/>	Don't need Training <input type="checkbox"/>

On the Job and Off the Job Training

Some training is done 'on the job'; other training is done 'off the job'.

If it is 'on the job' then the training takes place in the business amongst co-workers. It is sometimes called internal training as it is done within the firm. Often a more senior worker will undertake the training.

'Off the job' training takes place when it is away from the place of employment - perhaps in a conference room at a local hotel or a special training venue. This is called external training.

There is much debate about which is best for the business and its workers.

		Training 'On the job'			
Disadvantages		<p>Workers do not feel special.</p> <p>The trainer might not be professional - bad working practices can be passed on.</p> <p>The firm's machines can get broken.</p>	<p>This is a cheap form of training.</p> <p>Workers get to know their colleagues quicker.</p> <p>Training is 'hands on'.</p>		Advantages
		<p>Workers do not get to meet their fellow workers.</p> <p>This is an expensive form of training.</p> <p>Not as practical.</p>	<p>Production is not held up.</p> <p>This motivates the workers.</p> <p>Trainers are likely to be very good - often a higher quality training.</p>		
		Training 'off the job'			

Past Paper Examination Question - 2013

Radsonic plc produces car radiators, which are supplied to car manufacturers. The expansion of the business and the introduction of CAM may mean that more workers will need to be recruited. As part of the process Radsonic plc will need to write a person specification.

(d) (i) What is a person specification? (1)

.....

.....

(ii) Suggest *two* items which might appear on a person specification. (2)

Item 1

.....

Item 2

.....

Roles, Responsibilities and Relationships between Employers and Employees

It is very important that employers understand that they have legal responsibilities when it comes to employing workers and that employees have rights and responsibilities.

These rights and responsibilities are found in a number of areas:

1. Contract of Employment

Once a person is given the job they are entitled to a **CONTRACT** of **EMPLOYMENT**. This is a legal document which contains information such as:

- The place of work.
- The duties/responsibilities of the job.
- The hours of work.
- The pay.
- The holidays.

2. Fair and Unfair Dismissal of Workers

Employers have the right to **INSTANT** dismissal if workers are stealing, having sexual relationships on the premises or are suffering from substance misuse. Other forms of fair dismissal include continual absenteeism, continual lateness in arriving for work and inability to complete the work. Employers must give both verbal and written warnings before dismissal of this nature takes place.

Unfair dismissal will mean that the employer behaved unfairly in dismissing a worker- perhaps there was a personality issue or the employer was racist or sexist.

In cases where there is unfair dismissal the worker may take his/her grievance to an Industrial Tribunal to decide whether there is case to answer. If the independent tribunal finds that the worker was wrongfully dismissed then the worker receives compensation and their job is offered back to them.

3. Health and Safety

Employers must provide a healthy and safe working environment for their employees. Machinery must be inspected and have guards provided, toilets must have hot and cold running water, heating must be adequate and so on. The number of accidents and injuries in the workplace is reduced as a result of Health and Safety rules and guidelines.

4. Equal Opportunities

Employers cannot discriminate against possible workers because of their gender, age, race etc. Discrimination means to treat unfairly. The main areas of discrimination which employers need to be aware of are:



Race Discrimination

It is illegal to discriminate against a person because of the colour of their skin, their race or nationality. This includes getting job interviews and getting promotions.



Sex/Gender Discrimination

It is illegal to discriminate against a person because of their gender. Both males and females should be treated the same in the workplace including getting job interviews and promotions.



Disability Discrimination

It is illegal to refuse to interview or to allow a disabled person to have a job on the grounds of their disability so long as the employer only needs to make a 'reasonable' adjustment to the workplace.



Age Discrimination

It is generally illegal for employers to only want to employ people of certain ages. Job adverts should not say 'young person required' and application forms should not ask for a date of birth.

Past Paper Examination Question - 2012

Below is a draft advertisement drawn up by the Human Resources Department of Anvil Engineering plc. Some changes are being considered before the advertisement is published. Read the advertisement and answer the questions below.

**PRODUCTION WORKERS REQUIRED BY
ANVIL ENGINEERING PLC**

Anvil Engineering plc is a large multinational company producing engineered products for a variety of markets. Expansion of our wind turbine division means that additional workers are required.

No formal qualifications are needed, but experience in similar work is desirable.

Applicants must be between 25 and 40 years of age.

Write or telephone for an application form and for a job description to:

Mr Jones
Human Resources Manager
Anvil Engineering plc
Wrexham

- (a) **Businesses produce goods or services. Does Anvil Engineering plc produce goods or services?** (1)

.....

- (b) **Suggest and explain one way in which a fall in interest rates might have led this business to recruit extra production workers.** (2)

.....
.....
.....
.....

(c) Explain one way in which the advertisement can be improved (i) to make it legal and (ii) one way to make it easier for applicants to apply.

(4)

(i) To make it legal.

.....

.....

.....

(ii) To make it easier for applicants to apply.

.....

.....

.....

(d) Suggest three pieces of information you would expect to see in a job description for people applying for this job.

(3)

(i)

.....

(ii)

.....

(iii)

.....

Trade Unions

One worker in a big organisation is unlikely to be regarded as important. Employers are not likely to listen to individual requests or complaints. However, when many workers get together and talk as one body and one voice then those workers become important.

There is power in the group!

Therefore many workers are willing to pay a subscription to belong to a trade union. A trade union represents the views of employees to the employer.

Most unions are 'industrial unions' which means that they only accept people who work in certain industries. For example the 'National Union of Teachers' (NUT) only accepts teachers and the 'National Union of Mineworkers' (NUM) only accepts mineworkers. However, there are very large unions such as Unite, Unison and GMB that accept workers from many different occupations. These unions are called 'General' unions.

In which areas would you expect your union to be actively working on your behalf?

<p>Getting more pay</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>	<p>Arranging the Christmas dance</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>
<p>Improving working conditions</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>	<p>Getting deals for members in shops and restaurants</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>
<p>Advising the employer at interviews</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>	<p>Fighting against redundancies</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>
<p>Arranging bank loans for the business</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>	<p>Negotiating with managers on behalf of all its members</p> <p>Agree <input type="checkbox"/> Disagree <input type="checkbox"/></p>

Sometimes good relations between the union and the employer will break down and 'industrial action' takes place. Imagine that you work in a large engineering company and your employer has decided to force all workers to take a shorter break.

The union members are not happy and ask their union to negotiate on their behalf.



NEGOTIATE

To talk things through and try to come to an agreement. This is sometimes called 'collective bargaining'. Very often both sides have to compromise which means they have to back down a little.

Perhaps the union tries to negotiate but the business refuses. The union now decides to go a stage further and have an overtime ban.



OVERTIME BAN

Workers refuse to do overtime even if the employer has a big order and is prepared to pay extra.

The employers refuse to give in and so the union moves to the next stage which is a work-to-rule.



WORK-TO-RULE

Workers only do just enough to fulfill their Contract of Employment. All goodwill is stopped.

The final stage is for the unions to take an all-out strike. This is now a serious situation and it means that workers will not come in to work at all.



STRIKE

Workers refuse to work altogether.

Most employers will try to avoid arguments with the unions. Time lost by strikes and overtime bans will cost the business money and future orders from customers who did not get their products on time.

Even when workers return to work morale may be low in the business and there may be an 'us and them' feeling between management and the workers.

Draw a line to match each key term with its definition.

Key Terms:**Negotiate****Work-to-rule****A trade union****Better working conditions****A strike****Subscription****General Union****Ballot****Collective bargaining****Industrial Union****Definitions:**

Workers refuse to work

Unions will fight on behalf of their members for this

This is the money you pay to belong to a union

A union for a specific occupation

The union speaks on behalf of its members

Talking and compromising between unions and employers

A union will hold this so that the members can decide whether to go on strike

Unions require members to only do what is contained in their contract of employment

This is a union which takes in members from many different occupations

An organisation representing workers

Past Paper Examination Question - 2011

In October 2009, 12 000 postal workers employed by the Royal Mail went on strike in protest against the increased use of technology and because of new working practices e.g. reducing the number of rounds covered by postmen and making the remaining rounds longer.

Many postmen found that they could not finish their rounds in time.

(a) Suggest and explain how the new technology and new working practices might affect (i) the workers and (ii) the customers as stakeholders of the Royal Mail. (4)

(i) The workers

.....

.....

.....

(ii) The customers

.....

.....

.....

(b) Describe how the strike might have damaged the Royal Mail's business. (4)

.....

.....

.....

.....

.....

.....

.....

During the dispute, postmen were represented by the Communication Workers Union.

(c) Apart from going on strike, outline one other form of industrial action trade unions can take.

(2)

.....

.....

.....

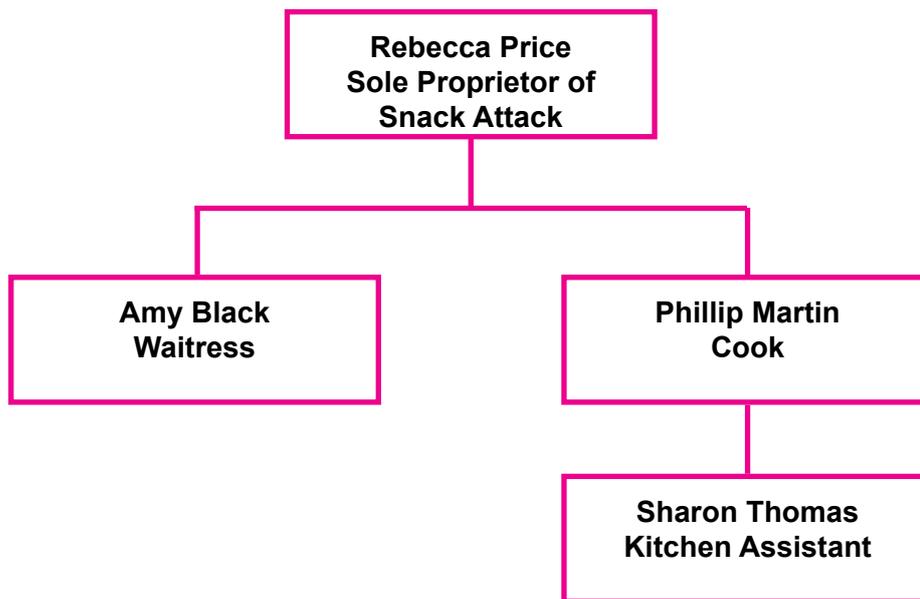
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Organisation Charts

If the business is small with few employees it is likely that the owner(s) can easily oversee the work of their employees.

Here is the organisational chart for Snack Attack which is owned by Rebecca Price and is a small café.

The business employs three people apart from Rebecca.



This chart illustrates the SPAN OF CONTROL of each employee.

The span of control is the **number** of employees a person is **directly** in charge of.

- Rebecca's span of control is 2 people- she has Amy and Phillip **directly** below her.
- Phillip's span of control is 1 person- he has only Sharon **directly** below him.
- Amy has no one in her span of control- there is no-one underneath Amy.

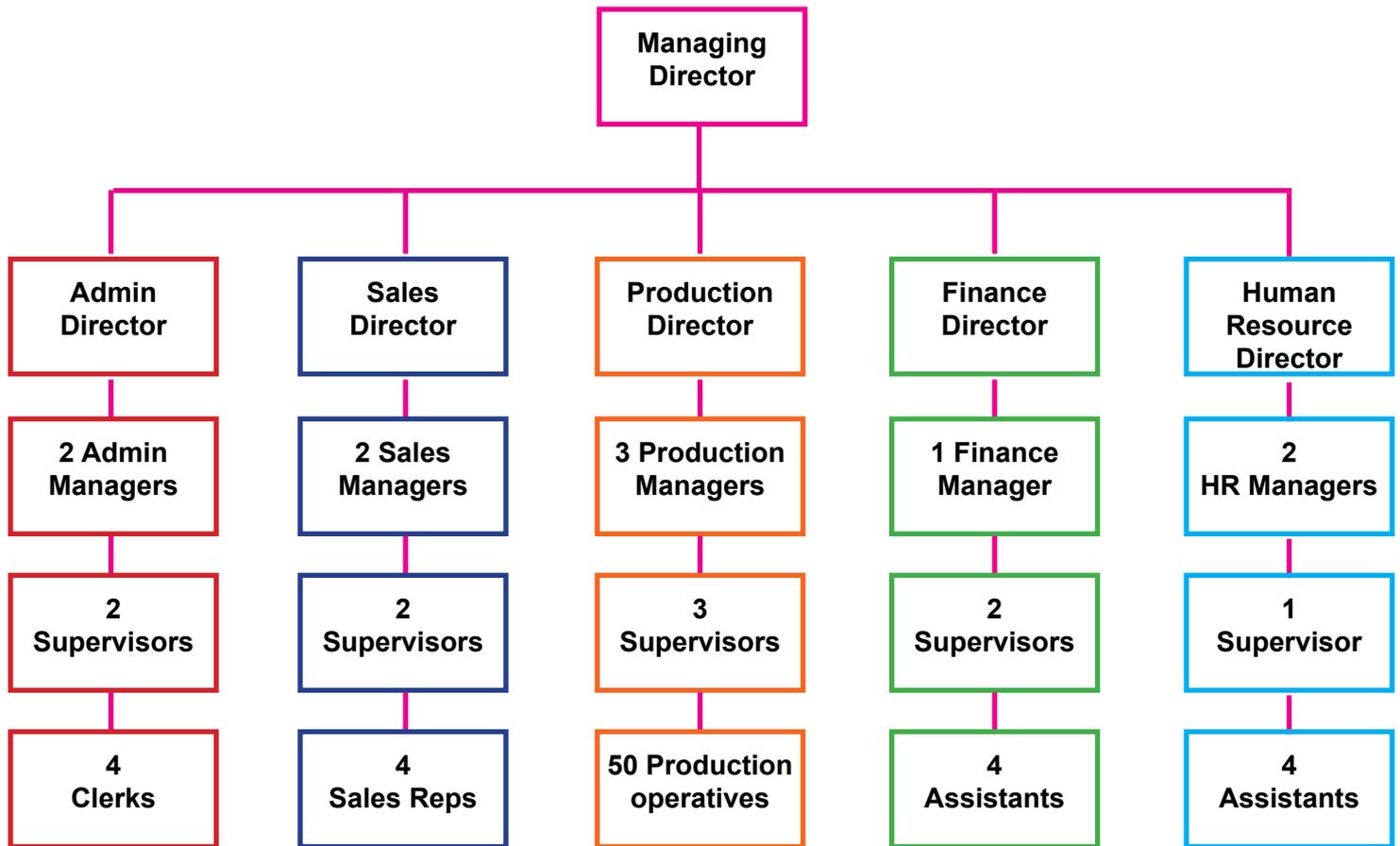
The chart also shows the CHAIN OF COMMAND which goes from top to bottom.

Rebecca has more control, more say and more pay compared to anyone else in the business.

Look at the organisation chart for Cards R Us Ltd which manufactures cards for special occasions.

This type of organisational chart is often described as 'hierarchical' i.e. it has a hierarchy since there are many levels and more people at the bottom levels than at the top levels.

The further you go up the chart the more responsibility and pay you will receive.



1. Who is in overall control of the business?

.....

2. What is the span of control of the Production Director?

.....

3. How many levels are there in this business?

.....

Why do businesses have organisation charts like this?

- Everyone knows who to go to if there is a problem and who is their line-manager.
- There is clear accountability- those at the top get the most pay but since they are 'in charge' they are accountable and must deal with the problems of the business as well as the successes.
- Workers become specialised in certain departments which increases the efficiency of the business.
- Higher level workers are able to delegate and train people for new job roles.
- There is a definite career path for those on lower levels to follow and this can be motivating.

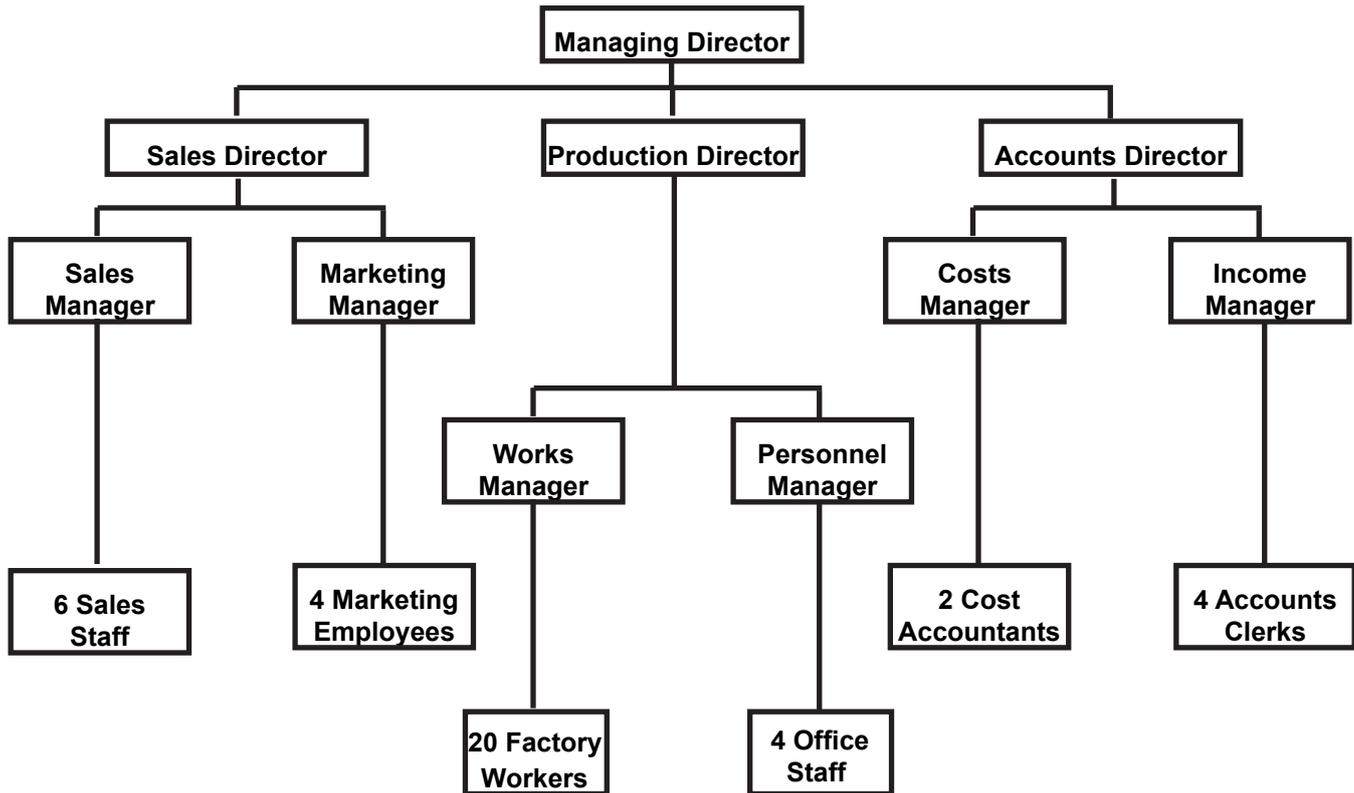
BUT

- Those on lower levels may feel demotivated - they feel that those on higher levels do not appreciate their efforts.
- Communication channels can get distorted. In large organisations with several levels, rumours are quick to develop and the business must make sure that employees at all levels receive appropriate information and messages.

Past Paper Examination Question - 2011

Below is an organisation chart for Autotronics Ltd. This is a company which produces parts for cars in its factory in south west Wales.

ORGANISATION CHART FOR AUTOTRONICS LTD



Use the chart to answer the following questions.

(a) Who is in overall control of the business? (1)

.....

(b) Who do the Sales Staff first report to when there is a problem? (1)

.....

(c) Which director is responsible for marketing the products? (1)

.....

(d) What is the span of control of the Production Director of Autotronics Ltd? (1)

.....

Communication in the workplace

Internal Communication

Internal communication takes place within the business. It's where people in the same organisation pass information both verbally and in written form between themselves.

External Communications

External communications take place between the business and the outside world. Where a person within an organisation communicates with another person outside the business.

Which of the following are internal communications and which are external communications??

The Finance Manager needs to contact the bank for a bank loan

Internal

External

The Managing Director needs to inform all directors of a change in the date of the next board meeting

Internal

External

The Sales team need to contact past customers to see if they are interested in the latest product

Internal

External

The Sales team need to contact the Production Manager with the results of the customer survey

Internal

External

Job vacancies are available for the business

Internal

External

The canteen is putting on a new menu with immediate effect

Internal

External

The Marketing Director wants to spend £1,000,000 on a new TV advertising campaign

Internal

External

The Production Manager needs to contact suppliers for extra materials

Internal

External

How do businesses choose the appropriate communication method?

There are many different sorts of communication methods. Below is a list of **some** of the most commonly used communication methods:

Written Communication:	Verbal Communication:
Notices	Telephone calls
Letters	Face-to-face
Emails	Meetings
Faxes	Video conferencing
Newsletter	Committees

Written communication

The choice of method depends on several factors:

- Speed of communication is often very important. If a business needs extra supplies of materials or components it will not send a letter to their supplier because a letter takes too long and there is a danger that production will grind to a halt. Instead the firm will probably send an email or fax requesting the extra materials/components. Faxes and email are often preferred since a receipt of sending (fax) and an acknowledgement of receiving (email) would be available to the business.
- If confidential information is to be sent from the firm to an employee, for example, a personal letter may be the best option especially if it is marked 'private and confidential'.
- If information is to be shared between a large number of people then group emails or notices may be more appropriate.
- Another very important factor to take into account is the cost to the business of the communication method. Emails have virtually no cost and neither do fax machines once the initial outlay for equipment has been made. Letters have become relatively expensive.

Verbal communication

If there is a need for confidentiality then there's nothing better than face-to-face communication, this allows difficult information to be passed without anyone else being involved. An extension of this are meetings and committees, but in order for everyone to have a chance of having their say the meeting must be undertaken in an orderly fashion and sufficient time allowed.

Video conferencing is becoming quite popular and allows employees in different locations to take part in meetings via video-link. This allows participants to read 'body language' as well as to communicate verbally.

However, calls via mobile phones are more convenient and significantly cheaper than traditional landline phone calls.

The Impact of ICT developments

It is fair to say that communication, whether verbal or written, has been revolutionised by the development of ICT.

We now have cheaper communication methods which are available 24 hours per day and are much more convenient to use.

In the following activity some communication has to be made. You need to choose ONE method of communication AND give one reason why you have chosen that method of communication.

Communication	Method	Reason
The Finance Director needs to inform all the finance staff that in the future the price of all products made by the firm will be increased by 10%		
The Production Director needs to inform one of the production workers that his constant absenteeism is a serious concern		
The Managing Director wants all workers to accept a cut in their hourly pay in order to save the business from bankruptcy		
The Production Manager needs to order urgent supplies of components before the end of the week		
The Personnel Manager needs to inform the Job Centre that there are 5 vacancies for production workers		

Draw a line to match each key term with its definition.

Key Terms:**Internal
communication****External
communication****Body
language****Video
conferencing****Email****Fax****Letter****Definitions:**

An electronic form of communication which is virtually cost free and can be sent simultaneously to a number of people

A hard copy form of communication which is relatively slow and expensive

Communication is taking place between the business and outside agencies

The use of body movement and gestures as a means of communication

Linking people visually and verbally together by means of ICT

Communication is taking place within the business

An electronic form of communication which allows hard copy to be received anytime

Motivation in the workplace

Businesses want workers who will be 'productive' and make good quality products or provide good quality services as efficiently as possible.

Businesses want workers to stay with the firm for some considerable time so that their training costs pay off for the business.

In motivating workers the leadership styles of owners and managers is important. Basically there are two important styles of leadership.

There is the **Democratic Manager**

The democratic manager is prepared to listen to the employees and take their advice.

Responsibility is delegated which means others are allowed to 'run with a project or idea'.

Workers are very motivated but decision making can take a long time.

There is the **Autocratic Manager**

The autocratic manager does not want to listen to employees or take their advice and ideas.

They think that they are the boss and always right.

Workers feel resentful and demotivated.

The following are the consequences of which of the two leadership styles?

Workers are more likely to be motivated

Democratic

Autocratic

There will be a high level of staff turnover

Democratic

Autocratic

Loses out on good ideas

Democratic

Autocratic

Workers are able to feel part of the business and contribute ideas

Democratic

Autocratic

Everyone knows who the boss is

Democratic

Autocratic

No delegation and training up for the future

Democratic

Autocratic

Decisions will take a long time to reach

Democratic

Autocratic

Workers need direction all the time

Democratic

Autocratic

Paying Workers

The way in which businesses pay workers can be motivating or demotivating.

Before we look at different types of payment systems, let's make sure that you know the difference between a wage and a salary.

- Wages are usually paid weekly and salaries are usually paid monthly.
- Wages can vary; salaries are a fixed amount per year.
- Workers can work extra hours and get paid overtime with wages. There is no overtime paid on a salary.
- Wages are usually paid to manual workers and salaries to office staff.

The following are different ways to earn your wage. You have to calculate what the person would earn.

Mary works in shop and gets paid on a **TIME BASIS**.

She is paid £5.00 an hour for her basic 40 hour week and if she works overtime, she's paid £7.00 an hour.

How much does Mary earn if she works 42 hours this week?

Sheila works in factory. She has to put the printed circuit board into the hard drive of a computer.

For each board she inserts she gets paid 50p.

This is called **PIECE RATES** or **PAYMENT BY RESULT**.

How much will Sheila earn on Friday when she manages to put 250 circuit boards into computers?

Rashid works in a second hand car show room.

He receives a basic wage of £200 per week plus **COMMISSION** which is 1% of the value of each sale.

How much will Rashid earn if he works the full week and sells cars to the value of £30,000?

Which of the above payment methods would you prefer if:

1. You were an efficient worker.

.....

2. You communicate well with customers.

.....

Some workers are offered a BONUS if they complete a certain amount of work. For instance assume Ellie Brown works in a factory and her job is to pack cartons of drink into cardboard boxes. Her pay is based as follows:

Monday	505 boxes
Tuesday	500 boxes
Wednesday	490 boxes
Thursday	496 boxes
Friday	518 boxes

Her target number of boxes to pack daily is 500 during an 8 hour working day at £7.00 per hour. If Ellie packs more than 500 boxes per day she gets a bonus payment of 20p per box.

If she packs less than 500 then her hourly rate per day falls by 5p per hour for every box less than 500.

Left is Ellie's performance during the last week.

How can we calculate Ellie expected GROSS earnings for last week?

		Compared to target	Hourly Rate	Bonus	TOTAL
Monday	505 boxes	+5	8 x £7=£56	5 x 20p=£1.00	£57
Tuesday	500 boxes	0	8 X £7= £56	0	£56
Wednesday	490 boxes	-10	8 x £6.50= £52	0	£52
Thursday	496 boxes	-4	8 x £6.80=£54.40	0	£54.40
Friday	518 boxes	+18	8 x £7 = £56	18 x 20p=£3.60	£59.60
				TOTAL	£279.00

Calculate Ellie's pay for the following week:

Here is Ellie's work per day:

		Compared to target	Hourly Rate	Bonus	TOTAL
Monday	500 boxes				
Tuesday	512 boxes				
Wednesday	505 boxes				
Thursday	480 boxes				
Friday	496 boxes				
				TOTAL	

Non-Monetary Incentives

Commission and bonuses are examples of performance related pay – how much workers earn is based on how well they work.

Paying an employee a bonus is an example of a financial incentive.

Employers can also offer employees non-monetary incentives to motivate their workforce, these are sometimes referred to as fringe benefits.

Examples of non-monetary incentives include:

- Company car
- Pension
- Share ownership
- Private medical assurance
- Subsidised cafeteria
- Subsidised health club membership
- Optical care
- Dental care
- On site crèche
- Lunch vouchers
- Parking space
- Annual health screening
- Child care vouchers

Some people are also motivated by knowing that there are promotion opportunities within the business and so will work hard to impress the boss.

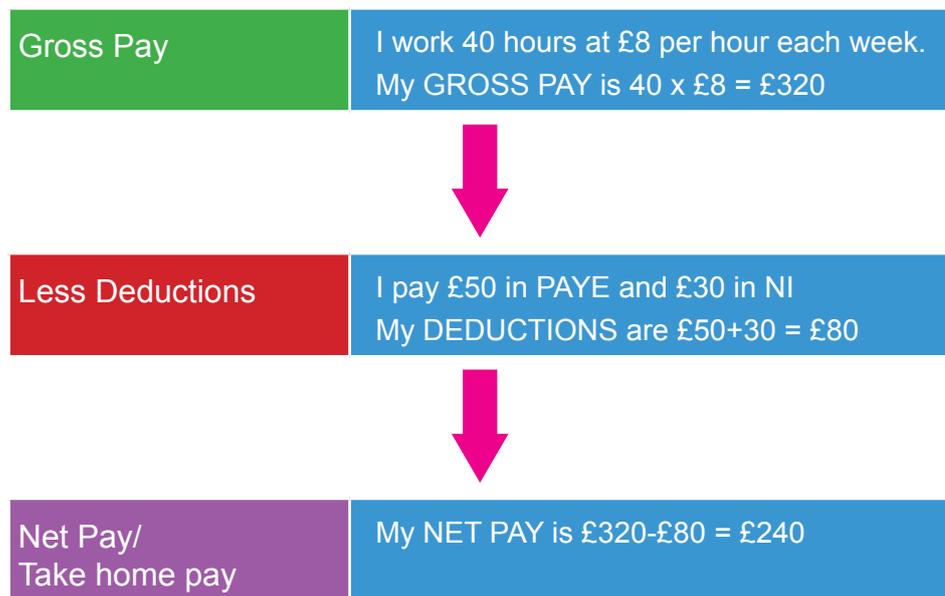
Match the most appropriate non-monetary incentives from the list above to the following employees (you may choose more than one if you wish):

Employee	Incentive(s)
Area manager of a large retail company	
Production workers in a medium sized company	
Workers in a locally owned restaurant	
Shop manager of a small chain of retail outlets	

Gross and Net Pay

In all the cases above the earnings you have calculated will not be what these workers take home as their actual pay. That is because there will be DEDUCTIONS taken from their GROSS pay to get to their NET pay.

- Your GROSS wages/salary is what you earn in total.
- Your deductions e.g. national insurance (NI) and income tax (collected through a system called Pay As You Earn or PAYE) are what are taken out of your gross pay.
- Your net pay is what is left for you to 'take home'.



Why do workers pay PAYE and NI?

The government needs to collect the money for state services such as the NHS, police and fire service. The government must also pay for pensions and other benefits. The money for these public services comes from the taxes we pay and National Insurance contributions, known as STATUTORY DEDUCTIONS.

Statutory deductions must be paid if incomes are above a certain level.

Sometimes workers ask their employers to take other money from their income, this money may be to pay for insurance or to donate to a charity. The employer passes the deducted money on, such deductions are known as VOLUNTARY DEDUCTIONS.

Past Paper Examination Question- 2011

Jenny Jones works in Artek Biscuits ‘on the line’ as a packer. This means she packs the finished biscuits into cardboard boxes. She was recruited by Artek Biscuits by means of a *Job Description* and *Person Specification* which was placed in her local newspaper in the form of a job advert.

Here is Jenny’s last pay slip:

ARTEK BISCUITS							
<p>Jenny Jones Pay Number 08978 NI: YW-24-21-0D Pay Week:10</p>	<p>Deductions This week:</p> <table> <tr> <td>PAYE</td> <td style="text-align: right;">£ 50.00</td> </tr> <tr> <td>NIC</td> <td style="text-align: right;">£ 20.00</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">£ 70.00</td> </tr> </table>	PAYE	£ 50.00	NIC	£ 20.00	TOTAL	£ 70.00
PAYE	£ 50.00						
NIC	£ 20.00						
TOTAL	£ 70.00						
<p>Hours worked this week = 38 basic hours at £5.00 per hour</p> <p>Overtime this week = 5 hours at £7.50 per hour</p> <p>Gross Pay this week = £XXX</p>	<p>Net Pay this week= £YYY</p>						

Calculate Jenny’s Gross Pay this week (marked £XXX) and her Net Pay for this week (marked £YYY).

(2)

.....

.....

.....

.....

Explain why PAYE and NI (National Insurance) are deducted by the government from a worker’s pay.

(2)

.....

.....

.....

.....

Explain, using examples, the difference between a Person Specification and a Job Description.

(5)

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Past Paper Examination Question- 2011

Fred is paid £8 per hour and works a 40 hour week. His deductions are income tax and National Insurance Contributions, which amount to £60 per week.

(a) What is Fred's pay per week?

(1)

Tick *one* box only

	£380	<input type="checkbox"/>
	£320	<input type="checkbox"/>
	£260	<input type="checkbox"/>

(a) National Insurance is an example of which type of deduction from pay?

(1)

Tick *one* box only

	Statutory deduction	<input type="checkbox"/>
	Voluntary deduction	<input type="checkbox"/>
	Charitable donation	<input type="checkbox"/>

Past Paper Examination Question - 2012 and 2013

Byron Edwards is a skilled worker who is paid £12 per hour for a 40 hour week. He pays £44 in income tax and £36 National Insurance contributions as well as £10 to his favourite charity.

- (a) Which of the following is a voluntary deduction: Income Tax, National Insurance or charity donation? (1)
-

Below is part of Byron's pay slip.

Gross Pay	Total deductions	Net Pay
(i)	(ii)	(iii)

- (b) Complete the shaded areas for this pay slip. (3)

Which two of the following are non-monetary rewards received by workers?

- Tick two boxes only (2)

Bonuses 		Medical Insurance 	
Company Car 		Salaries 	

Draw a line to match each key term with its definition.

Key Terms:**Wage****Salary****Bonus****Commission****Piece rate****Voluntary deduction****PAYE****Definitions:**

A special payment for working above target level

A deduction from pay for income tax

A payment for workers which is fixed and is usually monthly

A payment from wages which the worker decides to make

A payment for workers which is usually per hour and can be more for overtime

Usually a percentage of the sales value given to the person making the sale

A fixed payment for each specific product made