

GCSE Business 6



Human Resources

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Human resources

People are the most important asset for most businesses. It is therefore vital that the owners and management of any business which employs workers have an effective human resource function. This function will carry out a number of key tasks linked to the human aspect within a business.

The cost of employing and organising workers will be a major expense to a business so it is important that consideration is given to employing the right people, carrying out effective training and motivation techniques and communicating to them and organising them in the most efficient way.

This section will look at:

- Recruitment
- Training
- Motivation
- Organisational structures
- Communication
- Working practices

Recruitment

Recruiting the right people is essential for business success. It is important that a business recognises which jobs need to be completed and who are the best people to undertake these jobs. A business that has an effective recruitment process will be more likely to attract suitable people to their organisation, who have the right attitudes, skills and experiences to carry out the job.



Recruiting and training workers is a time consuming and expensive process. Recruiting the wrong type of people for the business could increase these costs and also have a negative effect on the business by reducing quality or giving customers a poor service that could result in a loss of custom, sales and profit.

The main benefits of recruiting the right people include:

- **Maintain business reputation** – a business that employs people with the right levels of skills and experiences will help the business maintain quality. The customers of the business will expect a certain quality in the products they buy and the service they receive. Employing people who can perform to the required level will help the business to keep these customers and attract new customers so that the business can continue to be successful and grow. For many businesses the sales staff or ‘front of house’ employees are the only contact a customer has with the business, it is therefore crucial that these employees have the skills and experience to carry out their job effectively and give customers a positive experience.
- **Maintain and improve productivity** – productivity is the measurement of the efficiency with which a business can turn production inputs into outputs. High levels of productivity is therefore a very important objective for a business. Labour productivity is the most common measure of productivity, it is simply output per worker. Employing the best workers can help achieve higher levels of productivity which results in lower overall employment costs and improves the competitiveness of the business. They could then sell their products at cheaper prices than their competitors, or at the same price and make a larger profit.

The following two businesses manufacture shoes. The data shows how many workers they employ in the production process and how many shoes they produce per month:

	Number of workers	Number of shoes produced
Business A	50	2 000
Business B	30	1 500

1. Calculate the productivity for each business.
2. Which business is the most productive?

- **Retain workers** – a business will want to keep its employees working for them for as long as possible. A business that retains its employees is likely to have skilled and experienced workers who are happy in their work. They will be productive and make a positive contribution to the business. A business that has a low retention of workers (or a high labour turnover – a measure of the rate at which employees are leaving the business) is likely to have increased recruitment and training costs and other problems such as low productivity and poor quality.
- **Increase worker motivation** – employing the right people with the appropriate levels of skills and experiences is more likely to result in a happy workforce. The workers will be motivated to perform to the best of their ability which should result in high productivity levels and high quality performance. An ineffective recruitment process may result in employees who have high absenteeism rates, these are workers who are absent from work for a high number of days. This can have a very negative effect on the business as costs will increase to employ other people to cover the work, or quality and productivity will fall.

The recruitment process

Identify job vacancy



The recruitment process starts with the identification of job vacancies.

For small businesses the identification of a job vacancy is likely to be a simple process, the owner will clearly know what job needs filling and the type of person they wish to employ. For larger businesses there is often a more formal recruitment process.

Many businesses will carry out workforce planning which involves trying to predict future demand for workers. Workforce planning aims to ensure that there are the right number of workers, with the right skills, doing the right jobs, at the right time and in the right place.

A business will carry out a comparison of the present workforce and the desired future workforce, this may highlight shortages (where more workers are required) surpluses (where less workers are required) and skills gaps (where they have the right number of workers, but not with the correct level of skills needed for future activities).

In terms of recruitment, a workplace plan can identify the need for additional employees. This may be because of retirement, a growth in sales or expansion of the business into new products and markets.

As recruitment can be time consuming and expensive it is essential that the business considers carefully what job vacancies need filling. For example, just because an employee retires from a particular job, the business should not automatically assume that they need a new person to fill the job vacancy. That particular job may now be completed by a machine, or the job tasks may be divided up and given to other employees.



After the business has identified a job vacancy it should carry out the following steps in the correct order:

1. Job analysis
2. Job description
3. Person specification
4. Job advert
5. Shortlisting
6. References
7. Interview
8. Selection and appointment.

Job analysis

Job analysis is the process which identifies in detail the particular duties and responsibilities of the job. The job analysis will also identify the aptitudes, skills and experience that are needed to carry out the job. The job analysis will allow the completion of the job description and person specification.

Job description

The job description explains the duties and tasks for a specific job. It will include the following information:

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

A detailed and accurate job description will help the business recruit the right employee for the job vacancy. Job descriptions are often shown to applicants as it will give them a detailed account of what the job involves.

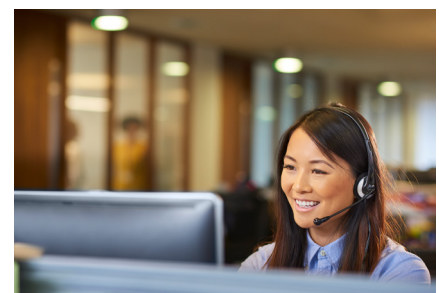
An example of a job description for a sales floor customer assistant for a large retailer is shown below:

Job title:	Sales Floor Customer Assistant
Main purpose of the job:	To enthuse customers and converse confidently about the range of our products. Give advice to help customers find what is right for them. To listen carefully to what our customers need. To keep customers happy, shelves stocked, tills manned and displays looking beautiful.
Hours of work:	26 hours per week. Shift pattern Monday to Thursday 17.00 - 22.00; Saturday 10.00 - 16.00.
Location:	Brentford
Salary & Benefits:	£8.50 per hour plus 20% staff discount.
Responsible to:	Store Manager and Floor Supervisors.

Person specification

A person specification describes the skills, knowledge and experience needed by an individual to complete the job. A person specification will include information on:

- Academic qualifications – GCSEs, A levels and degrees
- Professional or vocational qualifications
- Experience
- Skills and personal attributes.



The person specification is about the person and not the job, but shows the type of skills and experience that are needed in order to carry out the job effectively.

For the job description above a retailer may have produced the following person specification:

Our ideal candidate is:

- Experienced in working with customers on the shop floor.
- Warm, friendly and approachable and have a passion to deliver great customer service.
- Be able to work in a fast paced ever changing environment and thrive whilst working in a supportive team. Be prepared to go the extra mile for your customers.

The examples of the job description and person specification above are based on a sales assistant role which tend to be low paid and do not require many specific skills and experiences. There are many other jobs where the job description and person specification will be much more detailed and will include specific requirements for the job.

For example a job description and person specification for a Web Designer may include the following information:

Web Designer

Web Designers use their creative and technical skills to design new websites and redesign existing ones.

You will be responsible for managing the design of your client's other online services such as mobile applications, social media accounts and digital marketing campaigns.

Your day-to-day duties will include:

- meeting clients to discuss what they want their site to do
- deciding which branding, text, colours and backgrounds to use
- laying out pages and positioning buttons, links and pictures using design software
- adding multimedia features such as sound, animation and video
- testing and improving the design and site.

You will work closely with web developers and marketing professionals.

Salary: £28 000 to £30 000 per year.

Hours: 37 hours a week, Monday to Friday. You may have to work extra hours to meet deadlines or at times when there may be problems with a website.

You should have experience and skills in:

- visual design
- UX (user experience)
- SEO (search engine optimisation), marketing and social media

- using coding software like HTML and CSS
- using design software like Photoshop and Illustrator
- photo editing and copywriting skills.

You will need:

- strong creative skills
- the ability to pay attention to detail
- good problem-solving skills and a logical approach to work
- an ability to work to deadlines.

This example shows how businesses will often combine the job description and the person specification after they have been written in order to produce one document which can be used when they advertise the post.

Visit the National Careers Service website <https://nationalcareersservice.direct.gov.uk/job-profiles/home> and search the job profiles to find out what different jobs involve.

1. Outline the differences between a job description and a person specification.
2. Produce a job description and person specification for one of the following jobs:
 - Waiter/waitress in a restaurant
 - A car mechanic
 - A beautician
 - A manager in a call centre.

Job advert

A job advert can be produced when the job description and person specification have been produced. The job advert will contain essential information taken from the job description and person specification. The job advert will communicate with potential applicants the details of the job and the type of person the business is looking to recruit. A business does not want to attract unsuitable applicants, who may be underqualified or not have the right type of attributes; therefore it is important that the job advert gives the correct information to the people who would be suitable for the job. The job advert also has to appeal to the applicant and encourage them to want to work for the business.

Job adverts tend to be short and concise and may attach the job description and person specification. The amount of detail in a job advert will depend on the level of job being advertised. Managerial or jobs requiring a high level of qualifications and experience, usually with higher salaries, will have more information than semi-skilled or low skilled jobs with lower wages.

Some examples of job adverts are:

(i)

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

(ii) Electrician – Power Safe Limited – Bristol BS5

Power Safe UK, (Part of Unitary Engineering Limited), are looking for a highly motivated Electrical Engineer to join our team based in Bristol, and covering all areas of the South West and Wales. Ideally you will be willing to learn new skills such as installing CCTV, Access control, Security Systems and Alarms, and already have experience working as an Electrical Engineer, with knowledge in all aspects of the trade.

Required

- Must be Qualified to C&G 2330 17th Addition
- Full, clean, UK driving license
- Be well mannered and presentable
- Be able to work on your own initiative
- Be willing to travel with occasional overnight stays (company expenses provided).

The following is advantageous however not necessary:

- Ideally have 2391 or equivalent
- IPAF
- Asbestos awareness
- CSCS card.

Salary

- Dependant on experience.

Benefits

- Employed position for a reputable company
- Company Van
- Company Mobile
- 20 Days paid Holiday per annum
- Company Uniform.

Hours

- Monday to Friday, 8 hours per day. Optional weekends and overtime always available.

For more information about us click on our website: www.power-safe.co.uk Please click 'apply now' to send CV, and cover letter (optional). Advert end date: 27 April, 2017.

Job Type: Full-time

Required experience:

- Electrical: 1 year

Required licence or certification:

- Driving License

Source: <https://www.indeed.co.uk/cmp/Unitary-Engineering-Services-Ltd/jobs/Electrician-b2adbb83921b8518?q=electrician>

(iii) Care Assistant**Job Introduction**

Here at Helping Hands Home Care, we're looking for naturally kind, caring and compassionate people for our Sheffield Branch.

No previous experience is needed as a Care Assistant. We provide full award-winning training, we're a nationwide, family-run care company, and we look after and reward our Care Assistants for their hard work and effort. Our next training dates for Sheffield are; 9th-11th May 2017.

This is what Jessica, our Sheffield Branch Manager, has to say:

'My name is Jessica I am the manager for Helping Hands Sheffield. I am very passionate and committed to providing excellent standards of care and support to vulnerable individuals living in our local community. I have an amazing team of carers who all share my passion and commitment to providing home care. We have so many fantastic opportunities available for like-minded individuals to join our team, and no previous experience is required as award-winning training and ongoing support is provided. We offer competitive rates of pay and do everything we can to promote a healthy work-life balance. If you feel you have what it takes to be part of the 'A' team, please apply.'

Ten reasons you'll want to come and work with us:

Induction training held at your local branch

£100 welcome bonus to all new Carers

Generous rates of pay with bank holiday enhancements

Guaranteed hours available, with specific hours

Generous mileage allowance

Ongoing specialist care training & the opportunity to take QCF qualifications

Flexible working hours to suit you including mornings, evenings & weekends

Dedicated support and ongoing feedback from your Care Manager

24/7 carer support line

Unlike being self-employed you'll receive paid holidays.

Role Responsibility

You'll have the satisfaction of really helping people – everything from going to the toilet to knowing how many sugars our customers like in their tea. Keeping people independent in their own homes is what we do!

The Ideal Candidate

You don't need to have worked in care but you need to have the 'Right to Work in the UK' and own a car with a full and clean driving license.

About the Company

Helping Hands Home Care was set up by Mary Lee in 1989, and is still family owned and run. We have over 48 branches around the country and provide care from 30 minutes to full time live in care.

Please call 01142 245 209 or click the apply button to join our Sheffield Team of Helping Hands Carers. Closing Date - No Expiry Date

Source: <http://jobsearch.helpinghands.co.uk/jobs/job/Care-Assistant/832?jobboard=Indeed&c=paid>

1. For each of the 3 job adverts above list 3 requirements for the job which come under the heading job description and 3 under the heading person specification.
2. Explain why the advert includes information about the benefits of working for the business.
3. Produce a job advert for one of the following jobs:
 - Waiter/waitress in a restaurant
 - A car mechanic
 - A beautician
 - A manager in a call centre.

The job advert should include the following minimum information:

- Job title
- Summary of the job role
- Information about the business
- Pay rates
- Location of the job
- Working hours
- How to apply
- Closing date.

Job adverts can be advertised in a number of different ways:

A business needs to consider if the job is to be advertised internally or externally.

Internal advertising means that the business will only advertise the job to existing

employees. Many businesses have a policy of initially advertising internally to see if any existing employees have the skills and experiences to fill the vacancy. The costs of advertising internally are lower than external advertising, however, the main advantage is that a policy of internal recruitment encourages and motivates existing employees as they know that if they work hard they have promotion opportunities. In addition, the business will already know their job history and personal attributes so there is less risk in appointing someone who they will know very well. The internal applicant will also have knowledge and experience of the way in which the business works (this may reduce training costs) and be able to start the job as soon as possible.



However, one main disadvantage of using internal advertising is that the business will only have a limited number of people they can choose from and there may be a better applicant who does not already work for the business. The new applicant from outside the business could also bring new ideas and experiences to the job.

Internal job adverts are usually placed on noticeboards within the business or in internal intranets so that only existing employees can see them.

External advertising is used when the business is looking for expansion or if there are no suitable internal applicants. External adverts can be placed in a number of places and this will depend on the job being advertised. The media used to advertise externally include:

- Newspapers – local or national
- Magazines
- Jobcentre Plus (Government agencies) – walk-in offices and online
- Recruitment agencies – private sector agencies specialising in recruitment
- Internet – the business recruiting on their own website
- Internet – social media and recruitment website, the top 10 job websites are:

Visit the following website to find the top 10 job website for recruitment
<http://www.careerexperts.co.uk/job-searching/best-uk-job-sites-2016>

Through external recruitment a business can attract a larger pool of applicants who may bring new ideas to the business. The business may wish to freshen up its workforce and employ workers who have a wider range of experience. However, external recruitment can be expensive, especially if a recruitment agency is used and can take a longer time to fill the job vacancy. There is also a risk of not employing the best applicant as some people are good on paper and can perform well at interviews, but when it comes to completing the job they may not be the most suitable applicant. Externally recruiting workers can also have a negative effect on the motivation of existing workers who may feel that they could have done the job but were unable to apply.

Using the internet, search for examples of recruitment agencies and explain how and why they can help a business recruit suitable employees.

The job advert will make it clear to the job applicant how to apply for the job. There are a number of different ways in which a business can ask applicants to apply for a job vacancy. These include:

- **Application form** – this is produced by the business and will ask applicants to complete it and return it to the business by a certain date. The application form will be in sections

and will ask for personal information such as address and contact details, employment history, qualifications, skills and attributes and will include a section for the applicant to explain why they believe they are suitable for the job. The application form may also include a section for the applicant to give the details of 2 referees who will be asked to complete a reference. Application forms are popular with businesses as all the applicants will fill out the same form, so they are easy to compare and the business is able to dictate what type of information is included.

There are many examples of job application forms online. Find one and print it out and place it in your notes. Read through the application form and summarise the information the form requires.

- **Letter of application** – a business will often ask the applicant to complete a letter of application to accompany an application form (although some forms have a section that will include this information). The letter of application will be a written statement giving the reasons why the applicant believes they are suitable for the job. If the letter of application is the only way of applying then it will need to include all the information that is required in an application form.
- **Curriculum vitae (CV)** – this document is produced by the applicant and will contain the same type of information included in an application form. As the applicant will choose the style and format of the CV (and there are many to choose from) the amount of details and information in a CV will vary between applicants. There is a wealth of guidance and templates available online to help job applicants complete their CV. Typical examples of CVs include the following sections:

- Personal details
- Personal statement
- Skills
- Employment history
- Education
- Qualifications
- Hobbies and interests
- References



- **Informal contact** – includes people contacting businesses to see if they have any job vacancies. Many low skilled and low paid jobs are achieved this way, for example students looking for employment in shops, cafes and bars will visit the places of work to see if there are any part time jobs. People seeking full time employment and looking for higher paid and skilled jobs may also do this, they may send their CVs to a number of different businesses, either by post or email. Also existing employees may recommend someone they know for a job in the place they work.

Shortlisting

Shortlisting is the process of selecting the most suitable applicants from those who have applied for the job. If many people apply for the job, for example over 100 people, then the business will not interview all of these. Using the job description and the person specification, the business will narrow the applicants to a smaller number. Shortlisting involves matching the requirements of the job to the application of the applicant.

The shortlisting process will depend on how applicants apply for the job, this may involve the

completion of an application form or the inclusion of a curriculum vitae (CV). It is important that the applicants take care in completing these forms as any spelling errors or grammatical errors may result in them not being shortlisted even though they have the required qualifications and level of experience. Likewise a business must make sure that they don't fail to shortlist an applicant based on information that does not directly relate to the job being advertised.

Reference

A reference is a written statement about the personal attributes, skills and work-related experiences of a job applicant. The reference is written by a referee. The referee is likely to be the current or previous employer of the applicant or someone else in a professional or managerial position that can provide the information. Usually a business will seek two references for an applicant. On applying for a job the applicant will name the referee(s), with contact details and the business will directly contact the referee(s) either after shortlisting or after the interview. In some cases verbal references are used. The job applicant is unlikely to see what is written about them in the references. In some instances, a business may have shortlisted or even decided to appoint an applicant, but on receiving the references they may withdraw the offer of interview or the job if they are concerned about the comments made in the references.

Interview

The shortlisted applicants will then be called for a face-to-face **interview** so that the business owner or management can judge who they believe to be the best person for the job. In most cases the interview will be held at the place of work and involve the business asking a number of questions to the applicant. The applicant will also have an opportunity to ask questions about the business. Most interviews will be carried out through the use of an interview panel which can consist of a number of people ranging from 2 to 10 or 12 people. The interview panel will include managerial representatives, human resource representatives and departmental/function representatives of the department where the job being advertised is based. Having a panel of interviewers gives the business an all-round picture of the applicant.



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

Interviews can be a very stressful experience for applicants. Many people have difficulty in expressing themselves in the best way at interviews due to nerves and the formal arrangement of the interview process.

The following advice is given by The National Career Service for interviewees:

Interview advice – www.nationalcareersservice.direct.gov.uk/get-a-job/interview-advice

The employer wants to see if you're the right person for the job. You'll get the chance to make a good impression and show the employer what you have to offer. You can also see if the job is one you want.

Before the interview

To help you prepare, you can:

- think about which areas of your CV or application form the interviewer might ask you to talk more about, and how you can relate them to the role
- prepare some answers about why you want the job, what your strengths and weaknesses are, and your relevant work and life experience
- think of some questions to ask about the role and the company at the end of the interview, but don't ask about pay yet
- try to relax the night before the interview – doing lots of last minute work could make you more anxious and reduce your sleep time.

What to wear

When it comes to what to wear:

- plan what you're going to wear before the day of the interview
- find out what the company's dress code is and wear clothes that suit the company that's interviewing you
- don't wear clothes that you're uncomfortable in, or shoes that you'll struggle to walk in
- don't wear too much strong perfume or aftershave.

Getting to the venue

Check in advance how to get to the interview venue, and how long it'll take. On interview day make sure you leave plenty of time to get there and aim to arrive a little early.

Just before the interview starts:

- make sure your phone's turned off
- ask for water if you haven't already been given some
- don't let your nerves show too much – use breathing techniques and try to remember a few nerves are normal.

During the interview

When answering the questions:

- take your time when thinking of your answer – it's fine to say you need a moment to think
- look alert and attentive, speak clearly and confidently, and don't swear or use slang
- give full answers, don't just say 'yes' or 'no'
- give examples of when you've used the skills they're asking for
- if you're asked about your experience, talk about the Situation you were in, the Task in front of you, the Action you took, and the Result of your action (STAR technique)
- be positive about your experiences – avoid negativity about yourself or any previous roles you've had
- make sure you fully understand the questions you're asked – ask for more explanation if you need to
- avoid mentioning salary or company benefits unless asked
- don't lie – the interviewer may see through you and, even if you get the job, your

employer can dismiss you if they find out you've been dishonest

- if you're asked about a work skill you don't have, you could say what you'd do in a certain situation or use an example from your personal life, and also explain that you're a fast learner
- don't be arrogant and assume you've got the job - employers don't like disrespectful or over-confident candidates
- don't bring up topics like religion or politics where people can have strongly-held personal beliefs.

After the interview

When the employer contacts you after the interview:

- if you're offered the job, thank them and agree things like start date and what to bring on the first day
- if you're expected to negotiate salary, find out beforehand what the usual rate is for the job but then start high and meet in the middle if necessary
- ask for feedback on your performance – if you weren't successful use their comments to improve for next time
- if you're offered a job and decide you don't want it, thank the employer politely, as you may want to work for them in future.

In addition to the traditional face-to-face interview, many businesses also use other interview techniques. These include:

Telephone interviews – these are usually carried out as part of the shortlisting procedure to select applicants to be invited to face-to-face interviews. However, in order to save time and reduce costs many businesses carry out telephone interviews instead of face-to-face interviews. Telephone interviews are time and cost effective and can test the applicant's verbal communication skills.

Online interviews – allows employers and applicants to 'meet' and interact using video, instant messaging programs, and webcam and web-conferencing services.

This is becoming a popular form of interview as it is time and cost effective, especially when the shortlisted applicants live long distances away from the business.



Aptitude and ability tests – are designed to test the ability of the applicant in completing core tasks of the job. These tests are in addition to a formal interview and will demonstrate the skills and abilities of applicants. One major disadvantage of just using interviews is that being good at an interview does not necessarily mean the applicant will be good at the job. By using these tests the business can simulate a core skill needed for the job and judge the applicant's performance.

Personality or psychometric tests – these measure a person's personality in a structured way. They help the employer determine if the applicant has suitable traits for the job and go beyond just looking at qualifications and experiences. These tests are in addition to a formal interview. These tests could also be used with a group of applicants, where the applicants have to work together to solve a problem or complete a task. By using a group scenario the business can see how the applicants work as a team and how they communicate.

Roleplays – put the applicant, either on their own or as a group, into an imaginary scenario and they have to use their skills and experiences to complete the task or solve a problem. Roleplays are often used in job applications involving a high level of customer service.

Work trials – these can last for a couple of hours to a week or even a month. The applicant will have to complete the job trial before they get offered a job.

The technique chosen will depend on the level of job being advertised and the types of skills required by the employee to complete the job. A business may also use a number of different techniques for a single job. High paid and senior managerial job vacancies often have a number of interviews and tests held over a number of days to make sure the business is confident in selecting the best applicant available. Appointing the wrong applicant can be a very expensive mistake to the business and could affect future performance, therefore the business must make sure it uses the most appropriate and rigorous technique available.

Using the job advert, job description and person specification you produced for one of the following jobs:

- Waiter/waitress in a restaurant
- A car mechanic
- A beautician
- A manager in a call centre.

1. Write 6 questions that an interviewer might ask an interviewee at a face-to-face interview.
2. In pairs, carry out the interview, with one taking the role of the interviewer and one the role of the interviewee. The interviewer should make notes and then give feedback to the interviewee on their performance.
3. Body language is an important aspect of interviews. Explain what this means and identify how an interviewee should use suitable body language when being interviewed.

1. Explain the usefulness of skills and aptitude tests in recruiting new employees.
2. Discuss why online and telephone interviews are becoming a popular way for businesses to interview job applicants.
3. Think of 3 different types of jobs where roleplays could be used to select suitable job applicants.
4. Why do businesses use a range of techniques in the interview stage of the recruitment process?
5. For each of the methods and techniques listed below make a list of the advantages and disadvantages.

Method or technique	Advantages	Disadvantages
Internal advertising		
External advertising		
Use of application form		
Use of CV		
Face-to-face interviews		
Online interviews		
Skills and aptitude tests		
Roleplay		
Group tests		
Psychometric tests		

Selection and appointment

Selection and appointment is the final stage of the recruitment process. The business will make a decision on who to offer the job to after the interviews have been completed. This may be straight after all the interviews have been completed or can also be decided a few days later when the business has considered all the applicants and reviewed their applications, interviews and references. The business will refer back to the job description and the person specification to make sure they appoint the most suitable applicant for the job.



The successful applicant will be contacted and offered the job, if they accept the applicant will be informed of their start date. If the successful applicant is currently employed they will have to inform their current employer and most likely have to work a period of notice before they can start their new job.

The business will then contact the unsuccessful applicants, usually by phone, email or letter, of the decision not to appoint them. The unsuccessful applicant can ask for feedback on their application to see if they can make improvements for future job opportunities.

The most appropriate recruitment process and method to use

When deciding on what process and methods to use a business will consider:

- The type and nature of the job
- The level of pay
- Is the job permanent or temporary?
- Is the job full-time or part-time?
- Does the job require high skilled or low skilled employees?
- Does the business want to recruit from a wide pool of applicants?

The recruitment process used will also depend on:

- The size and scale of the business
- The cost of different methods of recruitment
- The suitability and reliability of the different recruitment methods for the particular job vacancy.

1. Outline 2 reasons why a business may wish to recruit new employees.
2. Produce a flowchart to show the stages involved in the recruitment process.
3. Explain the benefits of having an effective recruitment process.
4. Explain what is meant by:
 - a. Labour productivity
 - b. Labour turnover
 - c. Absenteeism.
5. Outline the role of shortlisting in the recruitment process.
6. A business should always advertise job vacancies externally. Discuss this statement.

Read the following article and answer the questions that follow:

Online career tips: How to get the job you want

'I've gone from being a 16-year-old waitress to being a business owner and senior executive, and I couldn't have done that without my online network.' Jess Ratty is a woman with a mission. She wants us all to get better at promoting ourselves professionally online – and creating our own career opportunities along the way.

Given that changing jobs can be one of the hardest things we do, many of us might welcome anything that makes switching jobs easier. According to a survey by Hired, 8 in 10 of us say we find changing jobs stressful – and more stressful than moving house, planning a wedding or even having dental root canal work.

When it comes to job-hunting, Jess says the key is not to let your stress stop you from taking action: 'Don't fret about things so much, or worry about how you might come across'.

It's something she has put into practice in her own career.

Now a senior executive at Crowdfunder, the UK's biggest crowd-funding platform which raises funds from small investors, Jess says she's come a long way since dropping out of school.

She started work at the Eden Project in Cornwall as a waitress, and says it was her colleagues who helped her realise she 'could maybe start achieving great things myself'. So she set about creating an online professional profile as a shop window for herself – and says having an active online presence has been crucial for her career.

'Crowdfunder found me through LinkedIn and went on to offer me a job'. Crowdfunder's Dawn Bebe, who recruited Jess, says what's important for her when recruiting someone 'is getting a sense of what they are like and what they are passionate about'.

Jess's experience is increasingly common, says Darain Faraz of LinkedIn. 'A lot of the time, most people aren't looking for work, they are what we call passive candidates. But LinkedIn can help jobs look for you.'

Yet this only works if you have a complete profile, and sadly us Brits are not very good at self-promotion. We're more likely to share food pictures on our social media channels than our work successes or announcements of a new job.

Job hunting tips:

- Get a decent profile picture, says Darain, you'll be 14 times more likely to be viewed
- Work on your professional image, recruiters will check you out online
- Give examples of your work and achievements
- Make time for a little professional networking every day
- Follow organisations you'd like to work for and share their updates.

'People do make judgements based on our online profiles', says Darain. And be assured, recruiters will also check your Twitter activity and Facebook profile as well: 'Make sure that how you position yourself online is how you want to be seen,' he adds.

'You don't want your Saturday night becoming your Monday morning'.

The mistake many of us make is to only use professional networking sites when we're looking for a new role, says Darain.

But what recruiters want to see is a track record, so that they can judge whether or not we are right for a job. 'One of the first things we do is check [online] for potential candidates in the right geographical area who have the skills and interests that we think would work for us', says Crowdfunder's Dawn Bebe.

The jobs recruitment sector has changed markedly in the past few years, with a vast amount of job searching and head-hunting now done online with sites such as Monster, Reed, Viadeo and Xing.

LinkedIn has about 400 million members worldwide (in the UK it has 20 million members - some 60% of Britain's working population and students) and last year Microsoft paid over \$26bn (£18bn) for LinkedIn.

Now Facebook, with more than a billion monthly active users, has launched Workplace; it's a platform designed to help workers talk to each other, in-house.

Adapted source: <http://www.bbc.co.uk/news/business-37047456>

1. Use information in the article to explain how social websites can help people looking for new jobs.
2. Explain what is meant by an online professional profile.
3. Describe how an individual should prepare their online professional profile.
4. Find out what is meant by head-hunting.
5. Why would potential employers look at an applicant's Twitter or Facebook profile?

Training

Training plays an important part in the future success of a business. All businesses will need to have workers with appropriate skills to make sure that the production of products or provision of services is the best quality possible and what the customer expects. Most employees have some weaknesses or gaps in their workplace skills so training is organised by the business in order to strengthen skills that each employee needs to improve their performance in the workplace.

Having an effective training programme will have a number of benefits for the employer and the employee:



- **Worker morale** – training can help to motivate workers and make them feel valued in the organisation. Training will improve the skills and knowledge of workers, so as a result of training, employees will feel more confident in their work and may help them achieve promotion. This could also reduce labour turnover and absenteeism.
- **Improved product/service quality** – training should result in workers being better at what they do. If they are employed in manufacturing then they should become more productive and be able to improve the quality of the products they make. If they are employed in the service industry, as a result of training, workers should have more confidence and a better level of communication and problem solving skills when dealing with customers. Effective training programs will also create a flexible workforce, where workers are able to adapt to changes more easily and respond to unplanned events.
- **Improved customer satisfaction** – training should improve employee performance which in turn should improve the way in which customers are dealt with. As a result customers will have a more positive experience when dealing with the business which could result in improved customer loyalty, increased sales and ultimately increased profit.
- **Reduced wastage** – one additional positive effect of improved quality and efficiency, as a consequence of training, is a reduction in faulty products and poor stock management processes. This will reduce the wastage of products or materials that cannot be used in the production process or sold in shops.
- **Reduced costs** – the reduction in wastage, increased productivity, reduced labour turnover, absenteeism and increased efficiency will all help to reduce costs for a business.
- **Being competitive** – all the bullet points explained above will help to make the business more competitive and stay ahead of the competition. Any business that has a motivated and appropriately skilled workforce will be well equipped to satisfy current customers, attract new customers to grow the business, increase market share, sales and profit. A business with a reputation for employing highly motivated and skilled workers, with an effective training program, will also attract the best calibre of job applicants that will help to keep the business competitive and more likely to succeed in a dynamic and competitive marketplace.

Read the following article and answer the questions that follow:

Skills shortages holding back the UK's economic recovery

The UK's chronic skills shortage is reducing productivity and holding back the economic recovery, business leaders believe.

Kevin Green, chief executive of the Recruitment and Employment Confederation (REC), said that 'Last year we had nine areas of skills shortages, now we have 43 areas. Every single type of engineering is in short supply, from mechanical to software, civil to electrical'.

'In IT, coders, programmers, developers are all in short supply; there's a shortage of doctors and nurses in the National Health Service; and we need about 20 000 more teachers in the UK'.

Employers organisation the CBI agrees. 'Our most recent survey shows that skills shortages are becoming more critical, and risk acting as a break on our economic recovery', says Rob Wall, the CBI's head of employment and education.

'This is particularly true for high-level skills in sectors like engineering, technology, digital, manufacturing and construction.'

The consensus is that the UK is particularly lacking in workers proficient in Stem subjects – science, technology, engineering and maths.

The CBI found that nearly 40% of businesses looking for staff with Stem skills have had difficulties recruiting, and about half thought the situation was only going to get worse.

The shortage is particularly serious in construction, including as it does a wide range of disciplines from structural engineering to architecture, bricklaying to surveying.

According to one recent report about 20% more construction managers, surveyors, electricians and other trades will be needed to meet demand, over the next four years, than were needed from 2010-13. House building targets are unlikely to be met as a result.

'About 400 000 people left the industry since 2008', says Richard Steer, chairman of Gleeds, a leading construction management company responsible for a wide range of projects, from nuclear power stations to luxury apartments.

So the industry is now suffering from a severe shortage of almost all skilled people.

Filling these gaps isn't easy, as training takes time and money.

'Brick factories closed down [during the recession] so house builders have suffered a huge shortage of raw materials and bricklayers,' he says. 'Brickies are flocking to the South East leaving shortages in the regions,' he points out.

'It takes about three or four years to become a good brickie,' says Mr Steer.

Identifying the problem is relatively easy; coming up with solutions is far harder.

In another recent report – Growth Through People – the UK Commission for Employment

and Skills (UKCES) called for:

- employers to take a lead in improving skill levels
- more vocational pathways to work
- more integration between the worlds of work and education
- more apprenticeships
- work experience to become an integral part of education.

The report, which was endorsed by the CBI and the Trades Union Congress, concluded that the skills shortage crisis would only be addressed if industry, unions, government and educators collaborated on an agreed strategy.

The government has certainly been investing in traineeships and apprenticeships, but there is frustration among large employers that they have not been sufficiently involved in designing the schemes and courses.

'The system to date has been about government deciding what skills are needed rather than employers', says the CBI's Mr Wall.

Adapted source: <http://www.bbc.co.uk/news/business-30224320>

1. Explain what is meant by a skills shortage.
2. Why would a skills shortage damage the UK economy?
3. What are Stem skills?
4. With the use of an example from the article, outline what is meant by high-level skills.
5. How does training help to fill the skills gap?
6. Explain how the possible solutions suggested in the 'Growth Through People' report may help to fill the skills gap.

Read the following article and answer the questions that follow:

More than 12 Million Fall into UK Digital Skills Gap

Over 12 million people and a million small businesses in the UK do not have the skills to prosper in the digital era. That is the warning today from Go.On UK, a charity set up to promote digital skills.

It has produced what it calls a digital exclusion heatmap, pinpointing the areas where people are most likely to miss out on the digital revolution.

There is bad news for Wales where over a third of the population do not have the five basic digital skills as defined by the charity. But London, Scotland and East Anglia, come top of the league with over 80% of people having those skills.

The map also shows that men are less likely to be digitally disadvantaged than women, with 80% having the necessary skills as compared to 74% of women.

What are these five skills, without which we are unfit for the digital future? Well if you can manage information, communicate, make payments, solve problems, and create stuff online then you are in good shape.

A survey of over 4 000 people nationwide to assess their skills, coupled with data about education, income, health and internet access, have all helped build the exclusion heatmap. The BBC, with its Make It Digital project, is among the institutions backing the map.

But the charity says the UK isn't doing too badly compared with other countries when it comes to broadband availability, and in our use of mobile devices we are ahead of many of our rivals.

So you might think that a country which has taken to online shopping and social media with feverish enthusiasm would also be a leader in digital skills. But it seems that we are a little below average compared with OECD rivals, and well behind countries like Japan, Finland and the Netherlands.

The problem is not that we don't have plenty of skilled people starting companies, creating stuff online, even just enjoying the experiences that the online world can offer. It is that nearly a quarter of the population are being left out and that has serious consequences for the rest of us.

Go.On UK, is warning of a threat to economic growth, productivity and social mobility if we don't close the skills gap. One example of where those lacking digital skills could lose out is the threat to jobs from the advance of artificial intelligence.

The news is good for those people who have the skills to adapt. As the robots encroach on new areas of work, history shows that more jobs are created than destroyed by new technology.

Go On UK is hoping that its map will become a vital tool for those trying to deal with digital exclusion - local authorities, businesses, charities - and help them to target their resources at areas where they are most needed.

I'm sure there are still plenty of people out there who are happy to live without the internet, and weary of repeated calls to join the 21st century - the BBC's own Vanessa Feltz comes to mind!

But it is low-skilled work and people that are most under threat from automation, and digital knowhow will be vital if those people are not to be left stranded as the hi-tech tide sweeps on.

Go.On UK is hoping that its map will become a vital tool for those trying to deal with digital exclusion – local authorities, businesses, charities – and help them to target their resources at areas where they are most needed.

But the message of this map is that the UK as a whole will suffer if we do not start to close the digital skills gap.

Adapted source: <http://www.bbc.co.uk/news/technology-34570344>

1. What is meant by the digital era?
2. What are the five skills that are needed for the digital future?
3. What is meant by the digital skills gap?

The two articles above illustrate the importance of effective training in order to keep UK businesses and economy competitive in a very competitive global business environment. Training is seen by many business leaders, politicians and business experts as the main tool to improve productivity and business efficiency.

Situations when training is needed

An effective training programme will provide continuous training for the workforce. The business world is so dynamic and competitive it is essential that workers are regularly allowed time to develop their knowledge and skills to make sure they remain motivated and acquire the necessary skills to work productively and efficiently. In addition, training is also needed in a number of different specific situations:

Induction

After a successful job applicant has been appointed, the first training they should receive is induction training. Induction training involves introducing a new employee to the workforce. New employees will need to become familiar with administrative systems, computer systems, be introduced to colleagues, supervisors or managers and be allowed time to get familiar with the way in which the business works. The length and arrangement of the induction training will depend on the nature of the job, some induction training may only be a few hours, however, for most jobs, an effective induction training programme will be spread out over a number of days, weeks or months, that allows the new employee to adjust to the new work environment and perform to the best of their ability.

Retraining

The workforce will need to be retrained to cope with changing working conditions. Also, in some cases, workers will need to be retrained if their level of performance has fallen below what is expected by the business.

Retraining can also be used when **new technology, new working practices or new health and safety requirements** are introduced. The equipment used in many businesses, especially in manufacturing, can be complicated and dangerous to use. It is therefore essential (and a requirement of the law) that workers receive training before they use such equipment. Workers need to have a full understanding of new technology to make sure that they are working efficiently and using the equipment in the way the business expects.

Every so often the Government may introduce new health and safety laws that have to be obeyed in the workplace. Businesses will have to make sure that they are aware of any changes and then implement a training programme to make workers aware of the latest regulations.

Creating opportunities for employees

Businesses can initiate training programs aimed at employees who are seeking new job opportunities (promotion) in the workplace. In addition to improving employee skills, these programs also motivate employees to work harder and may include employees being given greater responsibility in order to show that they have the skills and attitudes to be considered for promotion within the business.

Read the following article and answer the questions that follow:

Private Ambulance Service: Staff 'lacked blue light training'

Some staff at a private ambulance business say they had only an hour's training to drive under blue lights.

The Private Ambulance Service (PAS) in Basildon, Essex, provides emergency cover for the East of England Ambulance Service. PAS says its blue-light driver training has been outsourced since January 2016.

This new procedure, involving an approved training organisation used by the NHS, was introduced after those interviewed by the BBC had joined PAS.

Dan Duke worked in patient transport for the PAS in 2013 before he was sacked. His job sometimes involved transferring patients between hospitals.

Although this can require the use of blue emergency lights if the patient is seriously unwell, he says the company gave him a minimal amount of training to drive under emergency conditions.

'I got in the vehicle, got everything ready, started to drive out, put the blue lights on, and then it was just drive all the way down the A127... and then back to the trading estate from where they are based – an hour's training', he told the BBC.

Mr Duke now works for a different private ambulance company, where he says he has received comprehensive training in his job.

According to the Road Safety Act 2006, ambulance drivers are exempt from certain laws of the road – including the speed limit – providing they are properly trained or are in the process of being trained.

Dave Bradley, from the East Midlands Ambulance Service NHS Trust, says it would be impossible to train someone properly to drive under blue lights in one hour.

'Everything on the road or on the side of the road is a potential hazard to us', he told the programme.

'Our driver's course is four weeks long, the first two weeks is the foundation, then the blue light driver training takes another two weeks'.

A spokesman for PAS said it offered a high level of patient care to all patients transported on its service.

He said: 'All of our staff are fully trained above the required standard, and we have full policies and procedures in place to deal with any eventuality within the business.

'We are regulated and inspected by the Care Quality Commission and were last inspected in October 2016.

'Whilst we appreciate there have been some allegations made, we do not accept the nature of the allegations to be accurate'.

PAS also said its staff received induction training and full training where necessary.

Adapted source: <http://www.bbc.co.uk/news/health-38398244>

1. What is meant by induction training?
2. Comment on the induction training given by PAS as outlined in the article.

Different types of training

There are two main types of training a business can carry out to train its employees:

On-the-job training is carried out in the workplace whilst the employee is doing their actual job.

Off-the-job training is carried out away from the workplace.

On-the-job training

The employee will receive training in their normal place of work, usually at their work station (the usual place where they carry out their job) although it can involve some additional training on computers or in a meeting with other employees. Most UK employees will have received the majority of their training via on-the-job training.



There are a number of different on-the-job training techniques that a business could use:

- **Demonstration** – an experienced employee will show another employee (possibly a new employee) how to do the job. This is very useful when the job is physical or practical, though it can also be used in office environments. This is a very common technique used by businesses. For example, a new factory worker will be shown by an existing employee or supervisor how to use the machine that they will be working on in their job, or when there is a change in health and safety laws a HR employee may take a group of employees through an online training programme, or employees may simply log on to an online training program at their desk and carry out the training at a time that suits them.
- **Job shadowing** – a new or inexperienced employee works alongside a more experienced employee in order to develop their skills in a particular job. The new or inexperienced employee will observe the experienced employee and be able to ask for guidance and advice in completing the job. Job shadowing helps the employee gain a more in-depth understanding of the specific aspects of a job.

Job shadowing is also used when an employee gains a new job or promotion within the same business, they will shadow the current employee who holds the job for a short while before they take over the role. An employee may also shadow senior employees in managerial positions to help develop their own career and to get a better idea about what it takes to build a career.

Job shadowing is also carried out when an employee from one area of the business has the opportunity to work alongside and gain experience of the role of another employee from another area of the business. This allows the employee to gain a greater understanding of the business as a whole.

- **Coaching** – is a more structured on-the-job technique. An experienced or skilled employee (possibly the line manager) will work closely with another employee (again likely to be new or an inexperienced member of the workforce) and coach them for a period of time on a specific aspect of their job. The experienced employee will spend

time with the other employee to build and develop their skills in order to reach the efficiency and productivity expected to complete a specific job. Once the employee has shown they can complete the task at the expected level the coaching for that task will stop.

The focus is on the task and what has to be done to get the job done. An employee may have a number of different coaches to help them develop the skills to get their job completed.

- **Mentoring** – is similar to coaching, but involves a more supportive and advisory relationship between the experienced employee and the less experienced employee. Mentoring is usually a long term technique, for example it could last for 12 months, with regular meetings between the mentor and the employee.

The focus is on developing the skills of the employee and a relationship of trust between the mentor and the employee. The focus for mentoring is the long term development of the skills needed by the employee and not just the tasks for their current job. It is likely that the mentor will not be the employee's line manager, but another experienced employee. This will help the employee becoming more confident in confiding with their mentor and building trust between them.

- **Job rotation** – employees move between different jobs at the similar levels within a business. The purpose is to give employees experience of a different range of jobs to develop their skills and knowledge and to give them a better understanding of the business as whole. Job rotation will allow employees to multi-skill as they will need to develop a range of skills in order to complete all the jobs to the expected level. An employee that is involved in job rotation will need to have other forms of training to allow them to develop the skills and knowledge needed in different jobs. Job rotation is often used by manufacturing businesses.

In addition to a new set of skills the employee may also be motivated by job rotation as it widens their experience and can improve job satisfaction. Managers and supervisors are sometimes moved in a series of planned job rotations in order to allow employees at this level to become familiar with the different business functions. When a vacant position becomes available the business will then have a greater pool of employees to choose from.

On-the-job training is used by many retailers. Select one retailer and explain how the different types of on-the-job training could be used.

In your answer make sure you refer to different types of roles in the retail business, such as shop-floor assistant, checkout operator and manager. Apply your answer to the context of the retail store you have chosen.

Explain the benefits of the different types of on-the-job training to the business and the employee.

Off-the-job training

The employee will receive training away from their normal place of work, this could be in a meeting room or a conference room on the business site or in an external venue such as a hotel, college or a vocational/business training centre. Off-the-job training can be useful for developing transferable skills in employees that can be used in many different parts of the business.



Off-the-job training is usually carried out by a trainer who does not work with the employees in their normal workplace. The trainer may work for the business or may be external and work for a training company or a local college.

Examples of off-the-job training include:

Off-site training can take place in a number of different venues and this will depend on the type of training that is being undertaken. Employees may attend a training course at a college or university, a training centre or another branch/outlet of the business they work for.

Off-site training can last for a couple of hours, a day, a week, or be a regular occasion where the employee attends a college for a couple of hours per week over a couple of months or a year. There are many different types of off-site training and the actual format of the training will depend on the job and the purpose of the skills that need to be developed.

Small Cumbrian businesses get £8.5m training boost

A college has been awarded £8.5m to help around 900 small local businesses to develop their workforces. Over the next two years, Carlisle College will provide a range of training courses, covering management to dry stonewalling, to 3000 people.

It will also spend the European Social Fund (ESF) money to help businesses recruit apprentices.

The college will run the project with partners including the University of Cumbria, and Furness College. Zoe Makepeace, assistant director at the college, said: "This is a huge achievement for Carlisle College, we believe it to be the biggest ESF contract ever awarded in Cumbria.

"We have an excellent track record of managing and delivering skills provision, supported by successful local partnership arrangements.

"To be able to provide funded training to those in work is a massive business growth opportunity for the county and we now look forward to working with employers to maximise the benefits."

Source: <http://www.bbc.co.uk/news/uk-england-cumbria-37625947>

Off-site training can include classroom training (lectures), simulation training (which is useful when operating machinery – consider airline pilot training), use of role plays and management games.

Computer-based training (CBT) is now a popular and cost effective way of training employees. CBT includes any form of training delivered through a computer. Although many businesses now use online training programs, CBT also includes the use of packages and software that are not online and can be run on a single computer or on a business's intranet.



CBT can be carried out anywhere where the worker has access to a computer, this can be at work (but away from their usual work station if it is off-the-job training), off-site or even at home. The development of the internet and digital technology has greatly improved the quality and usefulness of CBT and allows the storage, analysis and feedback of the performance of the employee when undertaking the CBT.

Use the link below to visit one example of a company that offers CBT software to businesses.

http://www.absorblms.com/learning-management-system/?utm_campaign=training&utm_medium=Profile&utm_source=Capterra

Watch the video on the home page to see what CBT they can offer.

Sandwich courses allow an employee to carry out their job but also attend college for part of their working week. There are many different types of sandwich courses, the actual proportion of time in work and time in college will depend on the type of job.

Initially sandwich courses were considered a form of higher education where students carried out a 4 or 5 year degree course and for 1 or 2 years of the course the students undertook a work placement in the middle (hence the term sandwich). However, sandwich courses are also used by businesses when they send their employees to college or university to gain qualifications that they need in their job. Accountancy, law, marketing, ICT and engineering are examples of the types of businesses who may use sandwich courses to improve the skills of their employees.

These courses are usually part-time and can run for a number of years, in some cases they can be full-time and last for a shorter period of time. The employer will normally pay the cost of the course, which can be expensive.

Outside trainers are used by businesses that do not have the expertise within their workforce to deliver training. Outside or external trainers will allow specialist trainers to be used to improve the quality of the training given to the employees. Although these trainers can be expensive, they will be experts and can be the best way to train employees and have up-to-date information which is important (for example, in health and safety training). The choice of external trainer will be up to the business and they can make sure that they use a high quality trainer to deliver the training. However there is a danger that the training is not carried out in the context and philosophy of the business and could be a risk.

On-the-job training	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Cost-effective – it can be a relatively cheap form of training. • The training is carried out whilst doing their jobs, therefore the training does not take the trainee and trainer away from their work. • The trainee will get to know their new work colleagues quickly as they are the trainers. • The exact needs of the business are the basis of the training, so all the training is relevant and suitable to the business. • Can be motivating for the trainee as they learn as they work and can clearly see the progress they are making. 	<ul style="list-style-type: none"> • The workstation may not be a suitable training environment, it might be highly pressured or a place where customers are present. • The training can upset/stop the normal business activity, it could reduce efficiency and productivity. • As the trainee is learning they may make mistakes so the quality of work will decline. • The training depends on the quality of the trainer, they may also pass on bad habits.

Off-the-job training	
Advantages	Disadvantages
<ul style="list-style-type: none"> • Normal business activity, such as production or customer services, is not affected or held up. • Trainees can learn from highly qualified trainers who may bring new ideas to the business. • It can be used to help motivate employees. • Transferable skills are developed which benefit the business and individual employees. 	<ul style="list-style-type: none"> • Can be expensive, can the business afford it? • Trainees are not at their workstation and not contributing to the business in a productive way, overall output could be reduced. • The training may be too generic and not specific to the business. • The employee may use the training to help them gain a job with another business.

When considering what type of training to offer, a business should not just choose on-the-job or off-the-job. A business that wants to make sure that they offer the best training possible is likely to combine these two different types of training. For example, a business may offer an apprenticeship scheme for young people that have elements of on-the-job and off-the-job training. Within the business they may assign a mentor to the apprentice, have a series of CBT and allow the apprentice to attend college one day a week for a year to complete a Level 3 qualification.

It is essential that the business selects suitable training for its employees, what is good for one business may be a disaster for another. The business will need to look at:

- What skills and knowledge are needed?
- Do these need to be transferable?
- Is there a skills gap?
- How will the training address these skills?
- How will the employees respond to the training?
- Can we provide the training ourselves?
- How much will the training cost?
- Will the training affect current business performance?
- Are we meeting our legal requirements?

1. Identify the main situations when training is needed.
2. Explain why training is important for a business.
3. Explain why training is important for an employee.
4. Outline the differences between on-the-job and off-the-job training.
5. Explain the difference between coaching and mentoring as methods of on-the-job training.
6. Consider the increasing use of computer-based training in the modern business environment.
7. Off-the-job training is always a better method of training than on-the-job training. Discuss this statement.

Radsonic plc produces car radiators which are supplied to car manufacturers. The directors of Radsonic plc believe that they need to expand their production lines by introducing Computer Aided Manufacture (CAM). The expansion of the business and the introduction of CAM may mean that more workers will need to be recruited. It is likely that the new recruits and existing workers will need to be trained to use the new CAM system. Radsonic plc could use on-the-job or off-the-job training.

By considering the advantages and disadvantages of each, advise Radsonic plc on whether on-the-job or off-the-job training is preferable for the business and its workers.

Motivation

Motivation is the reason why people behave in a certain way. Understanding what motivates employees at work will help a business ensure that employees are giving their best and are committed to doing a good job. A motivated workforce will be productive and work with the business to make sure they perform to the best of their ability. A demotivated workforce will cause problems for the business with likely effects including poor performance, high absenteeism, poor quality and low productivity.



A business that is able to motivate its workers will create a workforce that has desire and energy to complete tasks to the highest possible standard which will improve quality, keep customers happy and make a positive contribution in increasing sales and profit. Motivated employees will also have a greater commitment to the job and the employer.

The benefits of a motivated workforce include:

Lower levels of absenteeism – there is an assumption that motivated employees are more unlikely to take time off work for minor illnesses and other minor reasons. Businesses who have high levels of employee absenteeism will often also suffer from a demotivated workforce. If employees are uncommitted and unhappy in the job they do then they will often find a reason to stay at home and not go into work. Higher levels of absenteeism will have a negative effect on the business, often resulting in lower levels of productivity, deadlines being missed, an increase in costs as replacements have to be employed, unhappy customers who may take their business elsewhere.

Retention of workers (low levels of labour turnover) – employees who are motivated are unlikely to look for another job with a different business. They will be happy in their work and likely to be loyal to their present employer. A business with a high retention rate is more likely to have an experienced and efficient workforce that is committed to the business and what the business is trying to achieve. High retention rates will also help the business to avoid the costs of recruitment and training of new employees.

Improved worker performance – a motivated workforce is likely to work harder and make the effort needed to achieve the aims of the business. Motivated employees will take pride in their performance and will want to make a positive contribution towards the business. It is generally agreed by business experts that a motivated workforce is a productive workforce, therefore labour productivity will be high.

Improved quality and customer service – the outcomes of a motivated workforce will be higher than a demotivated workforce. The quality of the products produced is likely to be higher, with less mistakes and faulty products resulting in increased customer satisfaction and customer loyalty. Motivated employees will carry out customer service activities to a higher standard, generally being more helpful and attentive towards the customer.

Improved relations between management and workers – a motivated workforce is more likely to understand the aims of the business and they will be keen to help the management achieve these aims. It is important that a business has good relations between management and workers as this will result in cooperation and a positive and happy working environment. A good level of trust will exist between the two allowing the management to

give responsibility to the workers to get their job done to the best of their ability, which in turn will help to motivate the workers to work efficiently. A break-down in relations between management and the workforce can have very negative impacts on the business; workers will not work to the best of their ability, and may carry out industrial action, such as strikes, which will affect production and the reputation of the business.

The possible benefits of a motivated workforce are listed below. Explain each bullet point:

- Increased productivity
- Increased quality
- Lower levels of labour turnover
- Greater worker satisfaction
- Lower levels of industrial action
- Improved customer service
- Improve reputation of the business – attract quality staff
- Improve levels of innovation in the business.

Employees are not all motivated in the same way, some employees might work hard if they receive a good wage, and others want to have responsibility and opportunities to show their knowledge and skills. A business will use a number of different motivation methods to motivate its workforce.

There are two main methods that a business can use to motivate its workforce:

- **Financial methods** – involve monetary rewards for employees.
- **Non-financial methods** – involve incentives that have nothing to do with money.

Financial methods

There are a number of different financial methods of motivation and the method chosen will depend on the type and level of the job being undertaken.

Wages – are usually paid each week and usually paid to manual and low-skilled jobs. The wage is usually based on an hourly pay rate (this is known as **time rate**) and the employer will work an agreed number of hours per week. For example, a worker gets paid £8.00 per hour and works 36 hours per week. The workers wage will be 8×36 which gives a wage of £288 per week. This is the gross wage (income tax, national insurance will be deducted from this wage plus any additional deductions such as pension contributions and trade union membership fee).



Wages can also be based on **piece rate**, employees are paid according to the amount they produce. Piece rate is also known as payment by results. For example, in a factory an employee gets paid 10p for every component they make. If they make 2 000 components in a week then they will receive a weekly wage of £200. However, a business must pay the minimum wage in the UK, therefore piece rate is often used alongside a basic wage which is based on time rate. For example, the employee who earns £200 for producing 2 000 components in the factory will also receive a basic pay of £150 per week. Their total weekly wage will be the £150 (basic) plus the £200 (piece rate) giving a total of £350 per week. The majority of their wage is determined by piece rate and this will motivate the employee to be

as productive as they can, the more they produce the more they will get paid. However, it can be argued that as the focus is on quantity, many workers will try to make as many as possible and will not focus on the quality of their work.

Overtime pay is another financial incentive. This is based on time rate. Workers are paid a higher hourly rate for any hours they work beyond their agreed weekly hours. For example, a worker has a contract with a business to work 37 hours per week at £9.00 per hour. For any additional hours they work they will receive an hourly rate of £13.50 (this is an example of time and a half). In one week they work 45 hours, therefore their wage for that week will be $37 \text{ (contractual hours)} \times £9 + 8 \text{ (additional hours)} \times £13.50 = £441$.

Calculate the wages for the following workers:

1. Paul works 28 hours a week and gets paid £8 per hour.
2. Imani works a basic 40 hour week at a rate of £7.50. She will receive time and a half for any additional hours she works. How much will Imani earn if she works 45 hours in one week?
3. Mary works in a clothing factory and earns 50p for every garment she makes. She also has a basic pay of £100 per week. Calculate her wages for the week if she makes 500 garments.
4. Calculate the yearly wage for Jakub in 2016 who got paid £5.55 per hour and worked 30 hours per week. He got 4 weeks unpaid holiday per year. In 2017 his wages went up to £7.05 per hour (due to him moving into the next Minimum Wage age category). He worked the same hours per week. Calculate his yearly wage for 2017.

Jakub has to pay 20% of his total gross pay in income tax and 5% in national insurance contributions to give him his net pay (also called take home pay). Calculate his net pay for 2017.

5. Explain why receiving a wage will motivate employees.
6. The higher the wages the more motivated a worker will be. Do you agree with this statement?

Salaries – are a financial amount received by an employee based on an annual figure. For example, an officer worker may receive a salary of £20 000 per year (or per annum). Salaries are not based on a fixed time an employee has to work per week. Employees who earn salaries are expected to work the hours needed to get the job done and do not receive any overtime payments. Salaries are paid once a month, usually at the end of the month. For example, an employee who has a salary of £30 000 will have a monthly gross pay (pay before any deductions, such as income tax, are subtracted) of £2 500 ($£30\,000/12 \text{ months}$).

The average salary in the UK in 2016 was £27 600.

When jobs are advertised the salary shown is the gross salary. A worker will not receive this amount as they will have to pay income tax and national insurance contributions, and possibly a pension contribution. The worker will receive the net salary. The table below shows some gross salaries, tax deductions and net salaries:

Salary	Total tax	Net salary
£20 000	£3 233	£16 767
£25 000	£4 833	£20 167
£30 000	£6 433	£23 567
£40 000	£9 633	£30 367
£50 000	£13 533	£36 467
£70 000	£21 933	£48 067
£100 000	£34 533	£65 467
£150 000	£59 933	£90 067

1. Consider the types of jobs that would earn the salaries listed above.
2. Who receives the tax?
3. What happens to the amount of tax paid as the salaries increase?
4. Why do you think this happens?

It is important to understand the main difference between wages and salaries:

- 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.

1. Would you rather receive a wage or a salary for your job? Explain your answer.
2. Consider whether a wage or a salary is the best way to motivate employees.

Performance related pay includes bonuses, profit sharing and commission.

Bonuses are additional financial payments above the normal wage or salary. The bonus may be paid to a worker who has met their work targets or who has performed well in their job. They are paid as a reward for good performance.

Bonuses can be paid monthly or annually. Many businesses operate a bonus scheme in order to motivate workers to reward good performance and commitment to the business. Although bonuses can be paid to any employee, they are often paid to managerial and executive positions.

Bonus schemes can be:

- Sales bonus – paid if sales targets are reached
- Performance bonus – paid for reaching targets on productivity or quality
- Christmas bonus – paid for loyalty to the business.

They can also be paid to all employees if the business has performed well and has achieved high sales and profits for the year. This type of bonus is called **profit sharing** or **profit related pay**. These schemes link the wage or salary to the profits made by the business. Although all employees can receive these, in reality they often only apply to senior management, which has been criticised by many trade unions and government officials. For some businesses, such as large multinationals and banks the payment of bonuses to senior management can result in them earning very high amounts in bonuses, often totalling millions of pounds, even when the business has made losses.

However, some businesses such as Asda and John Lewis use bonus schemes that allow all employees to share in company profits.

Read the following article and answer the question that follows:

Schuh workers to share £25m bonus windfall

Thousands of people employed by footwear firm schuh are to share in a £25m profit-related bonus. The Livingston-based company, which has more than 500 staff in Scotland, confirmed the payouts after announcing annual profits of more than £11.5m.

The amount each of the company's 3 500 UK workers receives will depend on their length of service and salary.

Typically, a full-time sales advisor on an annual salary of £14 000 and with five years' service will get a bonus of £3 000. A full-time store manager with a £34 000 salary and 10 years' service will receive £14 000.

Colin Temple, chief executive of schuh, said: 'Despite real challenges for all high street retailers, schuh is going from strength to strength. The success of our business is based on the hard work and dedication of our people and there is no better way to thank them than to let them know today that we are sharing £25m throughout the business.'

Workers at the Glasgow city centre branch of schuh told BBC Scotland they were surprised to find out about the bonus when they arrived at work on Wednesday morning.

Trainee manager Sophie Khan, who has been at the firm for four years, said she was in shock when she was told. 'Now it has sunk in we are so excited,' she said. 'I've been saving up for a holiday or two this year so I might as well make it three.'

Part-time worker Julie Somerville, who has been at schuh for three years, said she was 'buzzing' when she found out. 'I'm quite skint so it was good to get a bonus. It's good to get recognition for our hard work.'

Ross Docherty, who has worked in the shop part-time for 11 months, said it was a good way to start the day. He is planning to spend his bonus on going to festivals this summer.

Adapted source: <http://www.bbc.co.uk/news/uk-scotland-edinburgh-east-fife-32807174>

1. With reference to the information on Schuh, explain how a profit related bonus scheme will motivate employees.

Commission is used mainly in jobs involved in selling products and services. The employee will receive payment based on the amount of sales they make. The more they sell the more they will earn. Many commission based wages or salaries will include a basic wage or salary, which tend to be low. The amount paid in commission is usually calculated as a percentage of the profit made from the sales.

Guang works as a sales rep for a car dealership selling new cars. He works full time and receives a basic salary of £17 000. For every car he sells he earns 5% of the profit in commission.

Calculate how much Guang will earn in May if he sells 15 cars totalling £20 000 in profit for the business.

Fringe benefits are additional financial benefits given to an employee on top of their wage or salary. There are many different examples of fringe benefits and the type of fringe benefit received will depend on the type of job and the position within the business. Typical examples include:

- Company car
- Health insurance
- Discounts when buying from the business
- Pension schemes
- Paid holidays
- Sick pay.

Fringe benefits can be used by businesses to hire the best people and to motivate them whilst they work for the business. However, fringe benefits will add to the costs of the business so the business has to consider whether the benefits will outweigh the cost of implementing them.

Non-financial methods

Many business and human behaviour experts believe that money is not the only motivator in the workplace. People are also motivated by the work environment, the way they are treated in work and the opportunities they are given to show their knowledge and skills. As a result many businesses will use a range of non-financial methods in order to motivate their workforce. These include:



- **Job enlargement** increases the number of tasks at a similar level of difficulty completed by a worker. This can reduce boredom and make the job more interesting and involve the employee in a more complete role within the business.
- **Job rotation** changes the job undertaken by the worker. The worker will move between different jobs at the same or similar complexity, so that they don't become bored. To rotate jobs an employee will have to develop their skills and knowledge so they gain a wider skills set which benefits the business and the employee as they are more likely to become more productive, motivated and develop the skills required to seek promotion. The business will need to make sure it offers suitable training to allow job rotation to take place.
- **Job enrichment** is different to enlargement and rotation in that it involves giving employers greater control over their work and will involve making their job more interesting and challenging. If an employee finds their work too easy and repetitive then it is likely to result in them becoming bored and demotivated. They may also feel undervalued and not trusted to make decisions. Job enrichment will result in an employee's job being redesigned and involving less repetitive tasks with more responsibility to complete the tasks in a more independent way. This will motivate workers as they will feel that the owners/managers have trust in them and given an opportunity to use their abilities to make a positive contribution to the business. Training is essential when using job enrichment to motivate workers.
- **Empowerment** is giving workers greater control and responsibility in carrying out their jobs. Workers are able to organise their work, make decisions, solve problems and decide how to 'micro-manage' their daily work. Workers who are empowered are often motivated as they feel more valued and trusted by the business and enjoy the freedom to develop new ideas that will improve efficiency and productivity. In order to develop the skills needed for empowerment, a business must make sure suitable training is available.
- **Training** is essential if workers are to be able to reach their potential. Training will motivate workers as they feel that the business is investing in them and allowing them to develop the skills needed for empowerment, job enrichment and enlargement. Improved skills will also improve the self-esteem of workers and give them the opportunity to seek promotion. Training will also help the business in improving productivity.

It is important to note that both financial and non-financial methods have costs to the employer, either through direct costs such as extra pay or indirect costs through training provision or management time.

Read the following article and answer the questions that follow:

Admiral Group

The insurance giant, based in Cardiff, has been selling car and home policies since 1993. It also runs Confused.com, the UK's first price comparison website, and has more than 4m customers in seven countries.

Fun is taken seriously at Admiral Group, with an annual budget of £110 per employee to try new things outside the office from circus skills to sheep-herding. The result is a happy flock.

Although its workforce of 6 136 grew by more than 10% last year, the firm's most successful factor is My Team with a 79% positive score, in first place for big companies. Everyone has a stake in the success of the business: since 2005 a share incentive plan has issued shares worth at least £3 000 to each staff member every year, rising to £3 600 in 2015.

Admiral wins our special Discovering Potential award this year. New joiners to the company have use of an online portal where induction trainers are on hand to answer questions and help people settle in. As a result of this forum people have set up Facebook groups and met before even starting at the insurer. The chief executive David Stevens meets all new starters, too. A 'don't be shy, ask why' scheme encourages staff to ask questions and learn.

Every six months there's a company event, and last May Admiral held a 'time travel' party at Cardiff's Principality Stadium, selling subsidised tickets at £15 covering a meal and two drinks. Such outings build a strong sense of family.

This one was also a chance to say farewell to former chief executive Henry Engelhardt at the end of his 25-year reign and to get a selfie with David Stevens, named Best Leader this year. He is inspiring and staff can tell the firm is run on sound moral principles prioritising communication, equality, recognition and fun.

The group does a top job to protect the environment buying green electricity and aiming to recycle 60% of waste. It matches the cash employees raise for charity and believes that 'people who like what they do, do it better'.

Adapted source: <http://appointments.thesundaytimes.co.uk/article/best100companies/>

1. Using the data in the article summarise how Admiral Group uses financial and non-financial methods of motivation.
2. Explain why having a highly motivated workforce is important to Admiral Group.

The most appropriate motivation method to use

The most appropriate method that a business uses to motivate its workforce will depend on a number of factors:

- The nature of the business activity
- The ethos of the business
- The scale of the business
- The size of the workforce
- The type of job

- Skilled jobs/low skilled jobs
- The pay level of the job
- The needs of the workforce
- The financial resources of the business.

A business must recognise that people are motivated in different ways and they will not be able to motivate all employees in the same way. Although the main reason why people go to work is to earn money to live, the wage or salary they earn will not automatically motivate all employees to work to the best of their ability. Many workers have additional needs that can be met by having jobs that are interesting, challenging and allow them to make decisions and feel that they are trusted by the business.

Having a motivated workforce is beneficial to a business and can often result in business success through increased loyalty, performance and productivity. Many businesses will use a combination of financial and non-financial methods to motivate its workforce.

1. Suggest suitable financial and/or non-financial methods of motivation a business could use in the following contexts:
 - A manufacturing business employing 1 000 workers in its factory and looking to improve productivity and employee retention.
 - A small scale retailer employing 5 employees all on the Minimum Wage.
 - A legal services partnership employing 12 solicitors.
 - An energy provider with very low customer satisfaction with its online sales and support team looking to reduce customer complaints.
2. Outline the benefits of a highly motivated workforce.
3. Distinguish the difference between a wage and a salary.
4. List 3 possible fringe benefits for cabin crew employees for an airline carrier.
5. How can employees be empowered?
6. Explain why training is an essential part of non-financial motivational methods.
7. 'Financial methods of motivation will always be more effective in motivating workers than non-financial methods'. Discuss this statement.

Organisational structures

All businesses need to be organised internally. The internal organisation of any business will depend on:

- The size of the business
- The scale of the business' operations
- The industry within which the business operates
- The views and philosophy of the owners and managers
- The need for effective communication
- The skills of the workforce.



For small businesses the internal organisation can be simple and straightforward. For example, a local newsagent may have one owner and one assistant. The responsibility for all decisions will rest with the owner and the owner may communicate with the assistant verbally and direct in an informal manner. For larger businesses the organisation is more complicated. Large businesses with large workforces will need a structure and more formal ways of communicating. Large businesses will have to decide:

- How workers will be put into groups to work together
- Who is going to be in a position of authority, giving orders
- How many workers will be supervising the work of others
- How messages will be passed through the business.

The internal organisation is important as the workers need to know what duties their job involves, who they need to report to (who is their line manager) and if they have responsibility for other workers (subordinates).

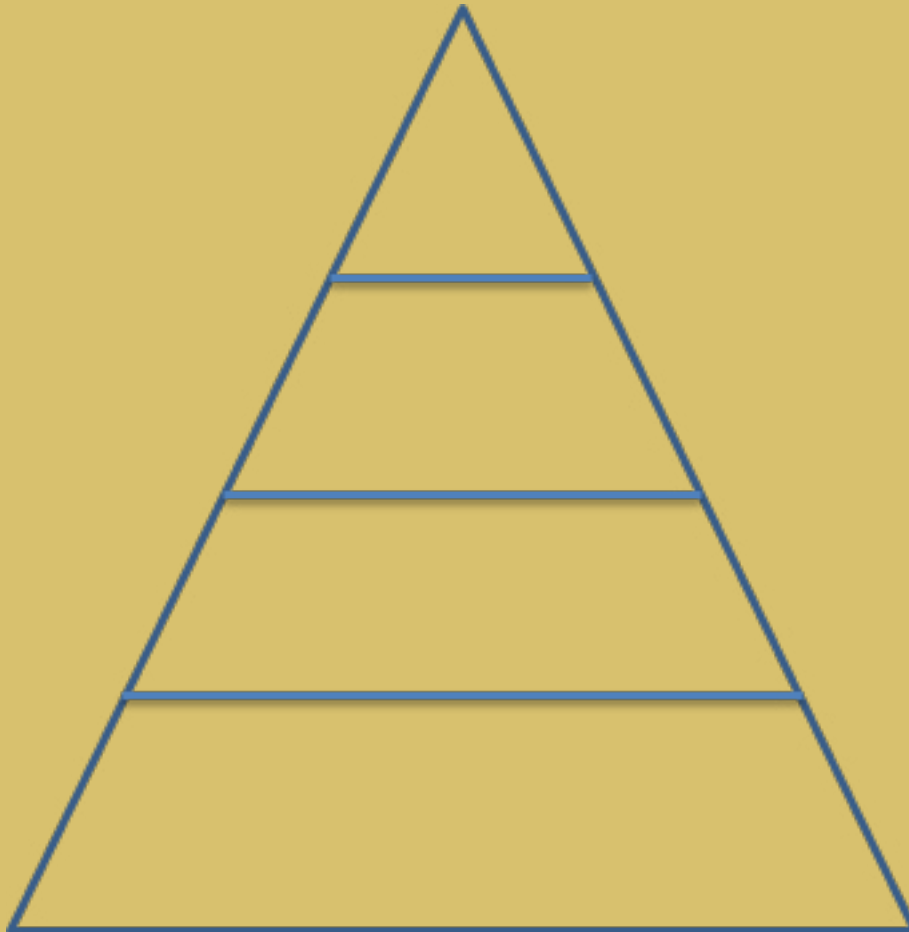
The creation of an internal organisation structure will help a business organise its workforce in the most effective way so that it can achieve its objectives.

In all businesses, above the self-employment level, there must be people in authority who give orders and see that they are carried out. There should be a clear chain of command which runs all the way down an organisation from the top to the bottom. In most businesses there will be a number of different job roles that have different levels of authority and responsibility. These different job roles can be grouped into 4 main categories:

Owners/leaders/directors	These have the most senior and responsible positions in the business and set the aims and objectives of the business and will make the important decisions.
Managers	These will manage the business on a day-to-day basis. They develop tactics in order to achieve the aims and objectives. One business may have a number of managers that will be responsible for specific functions of a business.
Supervisors/team leaders	These will help the managers to run the business as effectively and productively as possible. Managers are likely to employ a number of supervisors to help them organise, communicate and monitor the operatives.
Operatives/shop floor workers	These will carry out the day-to-day activities assigned to them by managers and supervisors.

Most businesses will have fewer people at the top of their organisation structure and many more at the bottom. This leads to the organisation having a structure that looks like a pyramid or triangle.

Complete the pyramid or triangle below by placing the 4 different job roles in the correct place:



Comment on how the pyramid illustrates the typical number of employees employed to carry out different job roles.

Draw and label an arrow on the diagram to show the direction of the authority and responsibility in an organisation.

Construct and label a pyramid showing the different job roles for your school or college.

The characteristics of different job roles

Although job roles will vary between different businesses, they do have a number of common characteristics:

Responsibility

Owners/leaders/directors will have the greatest responsibility in the business as they will set the overall aims and objectives, strategy and culture of the business. Ultimately it is the responsibility of the owners/leaders/directors to make the business successful and ensure it makes a profit. Although managers will have less responsibility than the owners/leaders/directors, they will be responsible for carrying out the aims and objectives of the business and will be responsible for the short-term performance of the business, such as keeping costs under control and creating sufficient sales in order to make a profit. Managers will be responsible for organising the resources of the business in the most efficient way. Supervisors/team leaders will be given responsibility by the managers to help to organise the resources of the business for a small part of the business and report any concerns to the managers. Supervisors/team leaders will have responsibility over minor logistical issues. Operatives/shop floor workers will have little or no responsibility beyond their direct duties. They will have a responsibility to the business of carrying out their job in the most effective way and to make sure they contribute towards the success of the business.

Authority

Authority means having control or power over others. Owners/leaders/directors will have the greatest authority in the business. All other job roles within the business will be subordinate to the owners/leaders/directors. Managers have authority over supervisors/team leaders and operatives/shop floor workers and supervisors/team leaders have authority over operatives/shop floor workers. Operatives/shop floor workers have no authority over any other job roles within the organisation. Having many levels of authority in a business results in a hierarchical business organisation, this is a structure with many levels of authority and a long chain of command.

Decision-making

The most important decisions made in a business are made by the owners/leaders/directors. These decisions will affect all stakeholders in a business and will determine the overall direction the business takes. Managers will make many decisions that will focus on putting the decisions of the owners/leaders/directors into practice. For example, the owners/leaders/directors will have decided on a strategy of growth and expansion through opening new stores, the managers may look at possible new sites and then shortlist possible sites and present these to the owners/leaders/directors who will make the final decision. Supervisors/team leaders will make day-to-day and minor decisions that will help run the business as smoothly as possible, such as work rotas for the operatives. Operatives will only make decisions that affect them, such as the order in which they carry out their duties.

Skills and qualities

It is likely that the more senior a person is in the business in terms of their job role, the more skills and qualities they will have. Owners/leaders/directors are likely to have the most experience and the greatest set of skills. Carrying out leadership or managerial roles within a business will require a person to have good organisational, communication, problem-solving and decision-making skills. They will also need a good understanding and knowledge of the

business and the market they operate in. It is this reason why most senior positions in a business are often held by older people who have had time to develop their knowledge and skills and worked their way up the business hierarchy.

Pay and benefits

It will be no surprise that owners/leaders/directors will receive the highest level of pay in the organisation and the operatives/shop floor workers will receive the lowest amount. The high level of responsibility and authority that goes with the senior positions together with the increased levels of skills and experiences explains why they receive the highest pay. Senior positions will be paid salaries and likely to have bonuses and many fringe benefits, such as company cars. Operatives will be likely to receive wages based on an hourly rate of pay.

Delegation

This is when a person in a superior job role gives a subordinate the authority to carry out a specific duty. The subordinate is given limited authority in the completion of that duty. Owners/leaders/directors may delegate powers to a manager, or a manager who is very busy carrying out a certain task may delegate to a supervisor/team leader or to an operatives/shop floor worker. It is essential that the person delegating authority has trust in the subordinate to complete the task. Delegation can only come from the person in the senior position and is a good way to develop the skills and experiences of subordinates.

For each of the different jobs listed below identify the level of the job role:

- Sales assistant in a retail store
- Partner in an accountancy partnership
- Junior office manager who reports to the office manager
- Richard Branson, founder of Virgin
- HGV driver for a distribution business
- Apprenticeship with an engineering business
- Head chef in a large hotel
- Marketing manager in a multinational business
- Graphic designer for a small private limited company.

Select one of these jobs and describe the likely characteristics of the job role (refer to responsibility, authority, decision-making, skills and qualities, delegation, pay and benefits).

Every person in an organisation has his or her own job to do. But each of them will be a member of a formal group – such as a department or work group. The formal groups are set up by the organisation to carry out tasks. The benefits of organising people into formal groups are:

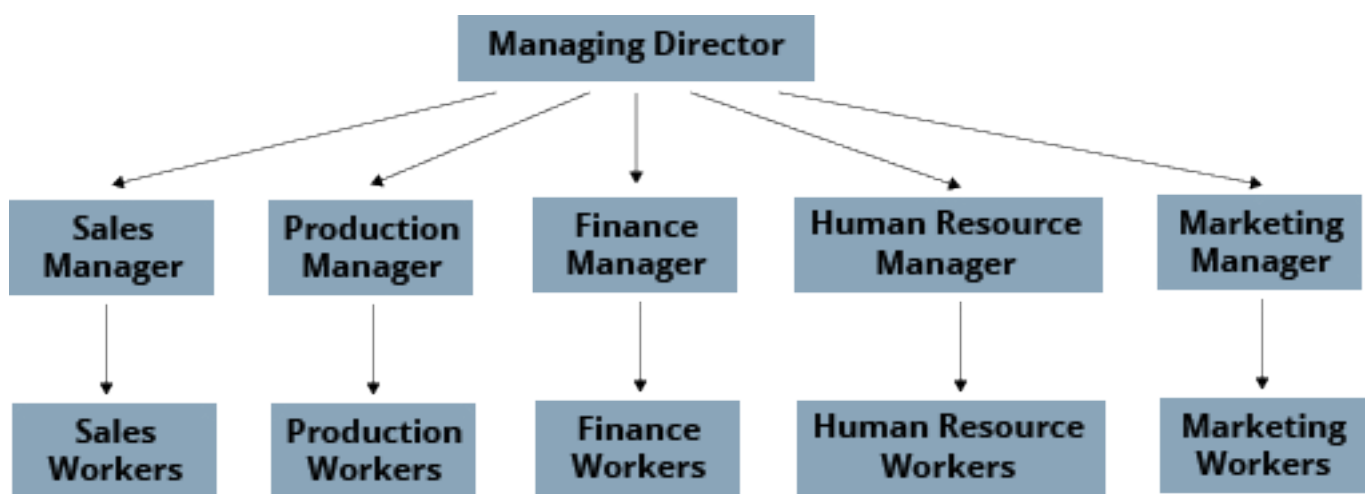
- Each group can specialise which will lead to higher output and lower costs.
- The group has a clear position within the organisational structure so other groups know which group to turn to when they need help.
- Communication in the organisation is clear.
- There is clear command as each person has only one immediate superior.
- Workers can act as a team, receive support from others and have their work supervised.

Large businesses can organise themselves in different ways. The most common forms of organisation are by:

- **Function** – organisation based on roles such as finance, marketing, production, sales.
- **Product** – organisation based on what product is being produced such as Ford cars, Ford vans Ford HGV, Ford parts.
- **Geographical** – organisation based on where in the country or world a business is operating such as Pepsico N America, Pepsico Europe, Pepsico Asia, Pepsico S America.

Organisation by function

This is when the business is divided up by the jobs that people do. In other words it is divided into departments which specialise in areas of the business. A typical business organised by function is shown below:



The departments within an organisation will depend on the nature of the business. For example, a factory making electrical goods will have a purchasing department, research and design department, engineering department and distribution department in addition to the departments shown in the diagram above. A call centre for insurance will have no production department, but a very large sales department and IT support.

Place the following tasks and jobs into the correct function of a business.

Function: Design and production, human resources, finance, administration, sales and marketing, distribution.

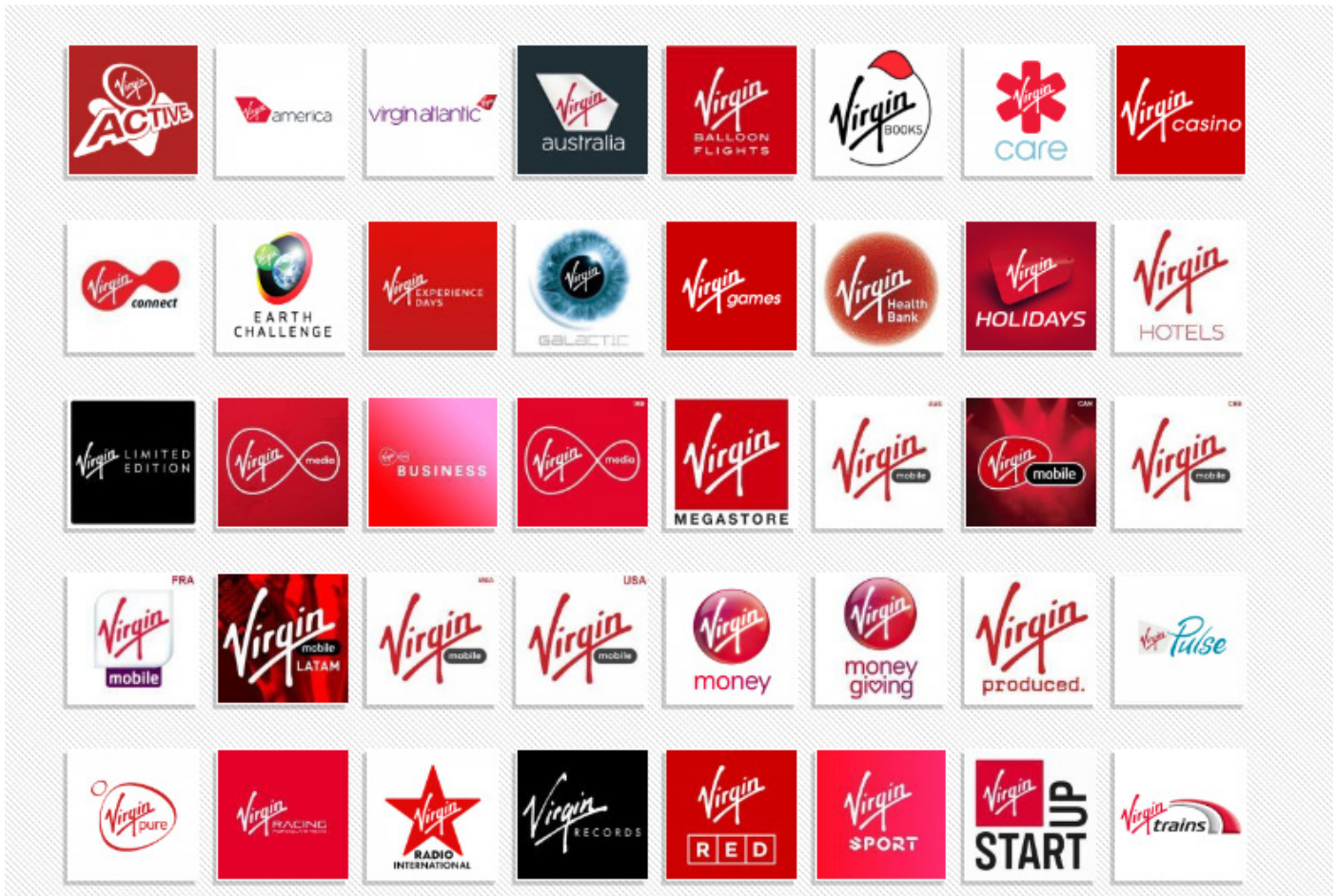
Tasks and jobs: Staff interviews, sales promotions, researching new products, stock control, overtime payments, packaging goods, obtaining loans, market research, leisure facilities for staff, reception, arranging goods to be transported, advertising, staff training, public relations, quality control and cleaning.

Organisation by product

Very large businesses which make a wide range of products usually have separate groups or divisions for each product. So within one large organisation there may be a number of smaller organisations based on the product or service they supply.

A good example of organisation by product is Virgin. Started in 1970 by Sir Richard Branson, the Virgin Group has gone on to grow very successful businesses in sectors ranging from mobile telephony, to transportation, travel, financial services, leisure, music, holidays, publishing and retailing.

Below are the individual companies that make up the Virgin Corporation.



Source: <https://www.virgin.com/virgingroup/company/branded>

All of the companies above are Virgin's subsidiary companies which specialise in a particular area. The Virgin Group, led by Sir Richard Branson is known as the parent company.

1. Name 3 subsidiary companies of the Virgin Group
2. What are the benefits to Virgin of organising their business by product?
3. Explain how specialisation can benefit a business that organises their business by product.

Another example of organisation by product is Whitbread PLC who is the UK's largest hotel, restaurant and coffee shop operator with 50 000 employees. Their brands include



Source: <https://www.whitbread.co.uk/about-us/introducing-whitbread.html>

Whitbread is structured into different divisions based on their brands.

Organisation by geographical area

This is where the business divides its operations by geographical area. Global multinational companies divide their operations into several regions per continent or subcontinent. Companies like Toyota, Dyson, Kellogg's, etc. have European, Asian, African and North American divisions. Organising by area allows the business to be able to be responsive to local cultural needs.

Samsung have divided their organisation into the geographical areas shown on the map on their website.

Visit their website and summarise how Samsung organise their business geographically.

<http://www.samsungengineering.com/aboutUs/globalOffice/common/goView>

Advantages and disadvantages of different types of organisation:

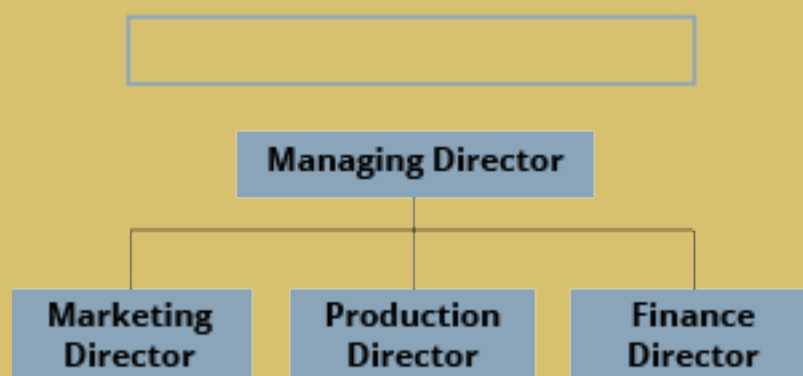
	Function	Product	Geographical
Advantages	Specialisation – each department focuses on its own work.	Specialisation – each subsidiary becomes an expert.	Knowledge of the local market, suppliers and workforce.
	Accountability – someone is responsible for each department.	Accountability – each subsidiary has to account for how it is performing.	Can reduce production costs if goods are organised locally.
	Clarity – everyone knows their roles.	The parent company can easily identify which parts of the business are performing well.	Can alter the product to suit the needs of the local market.

Disadvantages	Individual departments may become more interested in their department and their role rather than the business as a whole.	Can lose overall identity of the parent company.	Difficult to monitor.
	The organisation may become too large to manage effectively. The management at the top may become detached from the workforce.	Costs can increase as each subsidiary has to organise their own individual functions.	Can be inefficient – many functions repeated in different locations.
	Workers may be demotivated because they feel an unimportant small part of a large organisation.		

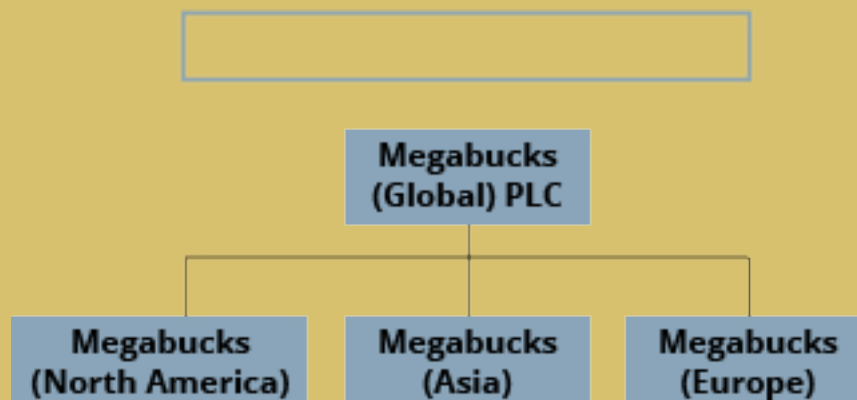
1. Why can a geographical organisation be difficult to monitor?
2. What is the difference between a functional and a product based organisation structure?
3. Explain how a business could have both a functional and geographical organisation structure.

Identify what type of organisation structure the two organisations are:

(i)



(ii)



The internal organisation of a business is usually shown in the form of an organisational chart. The chart will show the different job roles, the levels of hierarchy, the chain of command and the span of control of the different job roles.

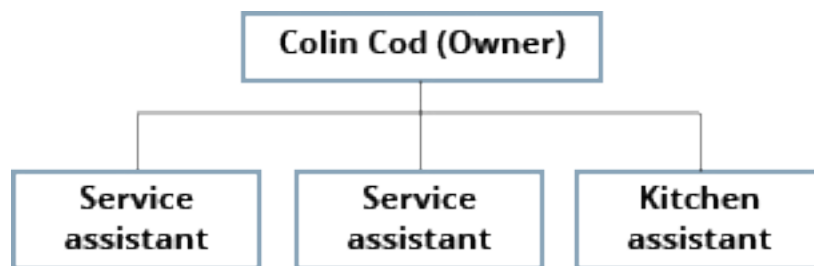
The chain of command is the formal line of communication that starts at the top of the organisational chart down to the bottom levels. Instructions will flow downward along the chain of command from the top management to every employee at every level of the organisation. For example, the managing director will communicate information or instructions to the managers who will then communicate this to their subordinates who will then communicate to their subordinates.

The span of control is the number of employees managed directly by the line manager. Owners and managers cannot be expected to organise or supervise every single worker in the organisation or department. This job would be too large. Instead they only control the work of the immediate subordinates.

Flat or horizontal organisational charts

Small businesses with few employees will have a flat (horizontal) organisational chart. However, some larger business may also decide to organise the business with a flat structure. For example:

Colin Cod owns a fish and chip shop and employs 3 workers. The organisational chart for Colin's business is shown below:



Colin Cod is in charge, he has overall responsibility and authority of the business and each of the 3 workers are his subordinates. The 3 assistants may carry out different tasks, such as the kitchen assistant will prepare the food and the 2 service assistants will serve the customers, but they are all paid similar wages and they are all at the same level in the organisation.

The role at the top of the chart is in a position of authority over the roles further down the chart. The chain of command is shown in an organisational chart by the vertical lines with authority going down from one level to the one below. The horizontal lines show that job roles are of equal rank, or authority.

The length of the chain of command in this example is very short as the organisational chart is flat and only has two levels.

The span of control is the number of subordinates that a role has direct control over. The role that is directly connected by a vertical line to the subordinates will be the line manager.

Using the organisation chart for Colin Cod's business, answer the following questions:

1. What is Colin's span of control?
2. Who is the kitchen assistant's line manager?
3. How many levels are there in Colin's business?
4. What are the benefits of having a short chain of command?

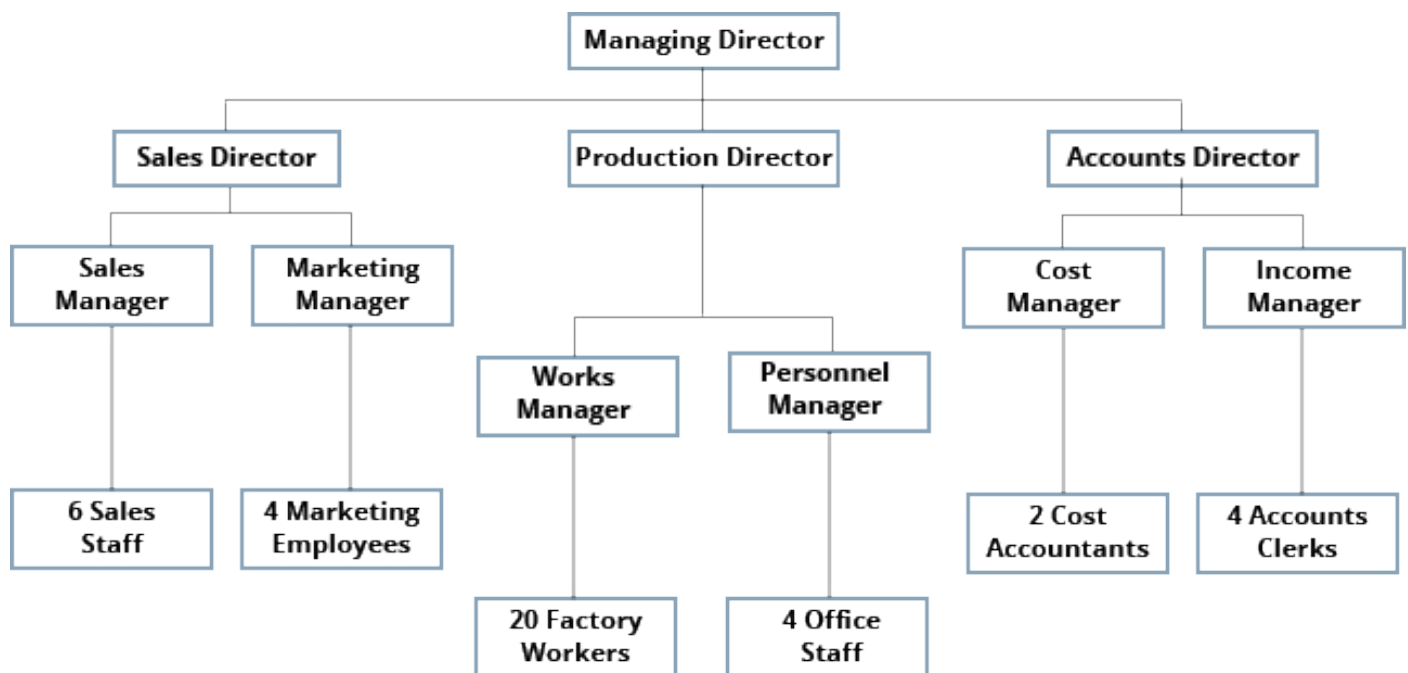
Draw an organisational chart for a partnership with two partners who have the same authority. The partnership employs an office manager, a finance manager and a sales manager. One of the partners is the line manager of the sales manager and the other partner is the line manager of the office and finance manager.

The office manager has 2 assistants, the finance manager has 1 assistant and the sales manager has 5 sales staff who are all on the same level as each other and the office and finance assistants.

How many levels are there in the business?

Tall (hierarchical) organisation charts

Most medium sized and large businesses tend to have tall (hierarchical) organisation charts. This is an organisation with many levels and job roles. The example below shows an organisational chart for a manufacturing company:



1. How many levels are there in this business?
2. Who is in overall control of the business?

3. What is the span of control of the:

- Production Director
- Income Manager
- Works Manager

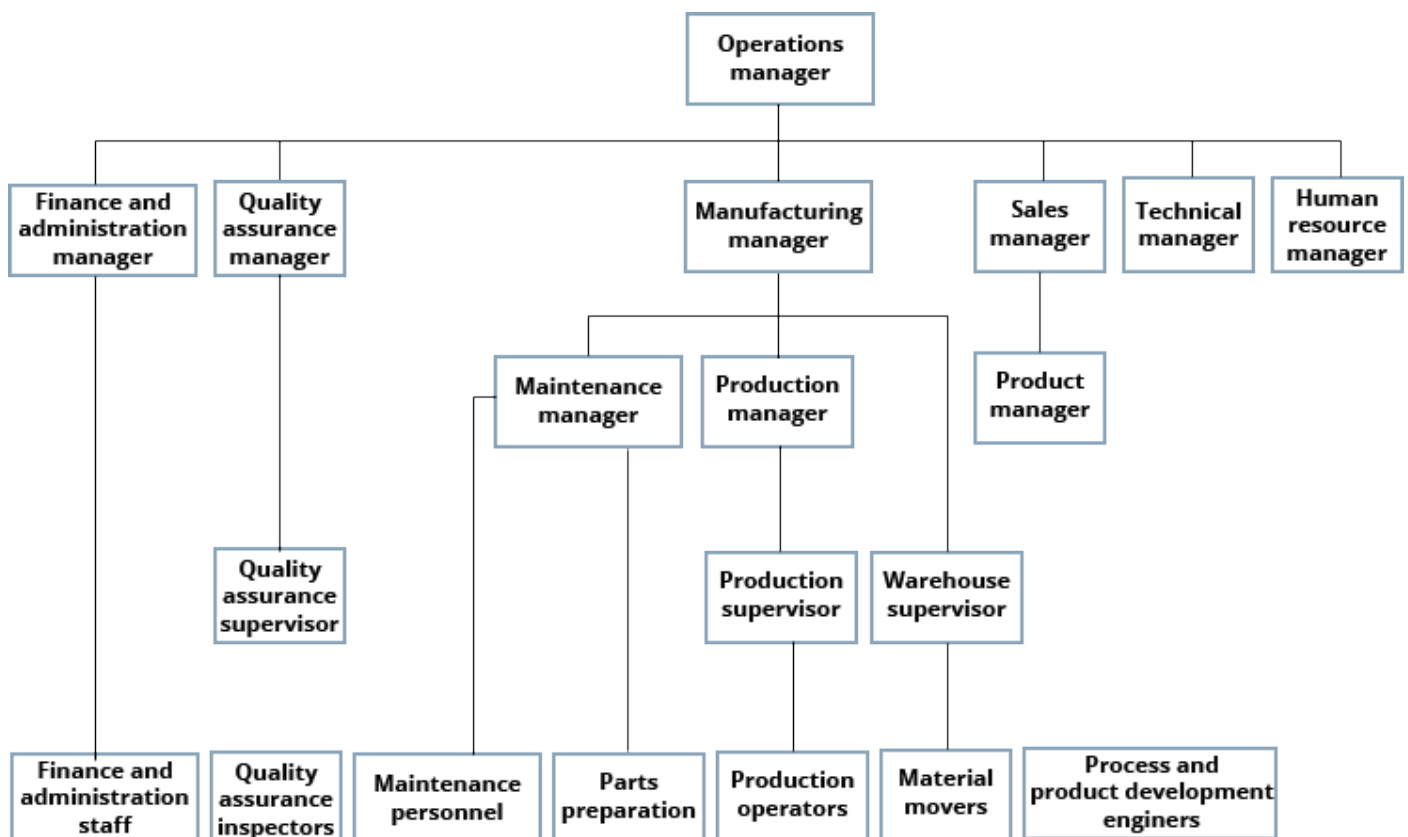
4. Who do the office staff report to if they have a problem?

Tall organisational structures are suitable for businesses that employ many people and have a range of functions within the business. The structure helps to keep control of the business as all employees fully understand who does what and which responsibilities individual employees have. The chain of command is clearly defined and line managers and subordinates clearly know who they are responsible for and to.

Tall organisational structures tend to have narrower spans of control at the top of the hierarchy and then will widen towards the bottom where a number of supervisors/team leaders will monitor operative performance.

Many large businesses will employ so many workers that the complete hierarchical chart is too large to fit onto a single page. Hierarchical charts for large businesses can therefore be very complicated.

The chart below is an example of how a manufacturing business has organised its operations function.



1. How many levels are there in the business?
2. How can we tell that this is only part of a complete organisational chart?
3. What is the span of control of the Operations manager?
4. What authority has the Sales manager over the Warehouse supervisor?
5. Describe the correct chain of command if the Operations manager wanted to inform the Maintenance personnel about changes to their job roles.
6. What are the advantages to the production operators of having a hierarchical organisation?

The organisation of employees into a clear organisational structure is very important for a business. All flat and tall structures will allow the business to organise its workers in an efficient way and has the following benefits:

- Everyone knows who to go to if there is a problem and who their line-manager is.
- 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.

However there are some negative impacts of having a clear organisational structure:

- 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.

The decision to have a flat or tall structure will depend on many factors. These factors were listed at the start of this section:

- The size of the business
- The scale of the business’s operations
- The industry within which the business operates
- The views and philosophy of the owners and managers
- The need for effective communication
- The skills of the workforce.

The decision to use a flat or tall structure will therefore depend on the individual requirements and circumstances of the business. A business will need to consider the advantages and disadvantages to the business of using a flat or tall structure:

	Flat structure	Tall structure
Advantages	Communication can be carried out quickly.	There is a narrow span of control so each manager has a small number of employees under their control so employees can be closely supervised.
	Greater level of communication between management and workers.	There is a clear management structure.
	Less bureaucratic which can save time and costs.	There will be clear lines of responsibility and control.
	Workers are motivated as they can have greater responsibility and authority.	Clear progression and promotion ladders for employees.
	Removes excess layers of management that might not be needed.	
	Quicker decision-making maybe possible.	
Disadvantages	Difficult to implement in large organisations.	Communication can be slow and difficult as it has to take place through many layers of management.
	High level of skills needed by the workforce.	Decision making can be slow as approval may be needed by each of the layers of authority.
	Span of control is very wide so can be difficult to monitor workers	High management costs.
	Management can lose control.	Employees can be demotivated by the bureaucracy.
	Limited promotion opportunities for workers so it is difficult to retain them.	Departments can make decisions which benefit them rather than the business as a whole especially if there is inter-departmental rivalry.
	Training costs may increase to improve employees' skills.	
	Can cause confusion for workers – what is their role?	

When deciding on an organisational structure a business should consider:

- **The most suitable span of control for the business** – the number of employees that line managers control depends on certain factors:
 - The type of work – simple work needs less supervision
 - How good the managers and his or her subordinates are at their jobs
 - The ease of communication – people who are not in the same building are more difficult to control
 - The kinds of decisions that have to be made – if they are difficult, the span of control will be narrower because more time will have to be spent in making them.
- **The chain of command** – the chain of command runs right the way down an organisation. The more levels the organisation has, the longer the chain of command. The longer the chain of command, the more difficulties a business can face as messages can get lost or distorted as they go up and down the chain of command.
- **Delegation** – flat organisations tend to allow for higher levels of delegation than tall structures. If superiors have confidence in the skills and abilities of subordinates then delegation helps the superior manage their workload and allows them to have a wide span of control. The amount of delegation will depend on the personal style of leaders and managers (some may be autocratic, someone who likes to have total control and is not likely to delegate, or they may be democratic, someone who likes others to have a say in decision making and will be far more likely to delegate) in addition to the skills of the subordinates.
- **Improving communication** – the problems tall structures experience with poor communication can be reduced by improving the way in which all levels of the organisation communicates. Meetings can be held to discuss issues and employees can be encouraged to give their input on how the business is performing and how it could improve. In recent years communication has been improved through the use of technology. Many businesses will have internal email and intranet systems that help to improve communication, even if they are located in different locations. Many disadvantages of hierarchical organisations are linked to communication; if a business can address these communication issues then it is likely that this type of structure will be the most efficient way of organising the business.
- **Delaying** – some large businesses try to resolve the problems of a long chain of command by flattening it. This is called delaying. They cut out large numbers of middle managers, pushing responsibility and decision making down the line. This will remove a layer (or level) from the organisation.

In a factory, supervisors and quality control inspectors can be eliminated if workers are organised into groups and made responsible for their own work in terms of output and quality. Delaying should lead to workers becoming more productive. Fewer workers are needed to do the same amount of work. Businesses can then downsize, making workers redundant whilst producing as much as before. Delaying is also used by businesses to reduce costs.

Read the following article and answer the questions that follow:

Co-op Bank to cut 200 jobs in Manchester and Stockport

Co-operative Bank is cutting 200 jobs as it looks to continue its recovery. Staff have been told the posts will go by March and will mainly affect management and head office roles in Manchester and Stockport.

Deputy chief executive Liam Coleman said the cost reductions were 'critical' as it continues its three-year plan to rebuild the business.

The bank almost collapsed in 2013 and it expects to continue to be loss-making until the end of next year. Mr Coleman said: 'These cost reductions are critical to progressing our turnaround and delivering a cost base which supports a sustainable core bank'.

He said it would continue to consult colleagues and trade unions on the proposals over the coming weeks.

'We have made progress in turning the bank around since 2013, but have always been clear that the bank's recovery is a difficult journey.' He said the business would not make a profit this year or next year while it continues its 'turnaround plan in a challenging economic environment.'

Rob MacGregor, national officer at trade union Unite, said: 'The speed and breadth of these cuts will hit the Co-operative Bank's much cherished customer service and with it the bank's unique selling point'.

He said the union would be supporting members and pressing the bank to reconsider the cuts where possible.

Source: <http://www.bbc.co.uk/news/uk-england-manchester-38012247>

1. Why have the Co-operative Bank announced job cuts?
2. Why is this an example of delayering?
3. Who are the winners and losers when a business decides to delayer its organisation?

1. Explain why a business needs an organisational structure.
2. What are the main job roles with a business?
3. Summarise the characteristics of horizontal and hierarchical structures.
4. Define the terms:
 - Span of control
 - Chain of command
 - Delegation
 - Delayering.

Communication

Communication is the passing or exchange of information, ideas or feelings and there are two parties involved in any communication:



Communication should be a two way process – the giving of the information from the sender to the receiver and the feedback from the receiver to the sender. Feedback is needed to make sure the receiver understands the message in the information. If there is no feedback then it is possible that the message may be misunderstood.

Communication is important for all businesses. Generally, the larger the business the more difficult it is to communicate. However, all businesses must make sure they communicate effectively to all their employees. Effective communication will result in:

- **Increased employee involvement**
Employees who are clearly informed what is going on in a business are more likely to get involved with the business and accept decisions and any changes that are made. Employees have a range of experiences and skills that can be used to help the business achieve its objectives. By communicating clearly and effectively with employees, the business can include any ideas that employees have.
- **Improved motivation**
Good communication will motivate employees as they will feel part of the business. Feedback from managers or other senior roles on employee performance is a good example on how communication can motivate employees. This could be a short conversation where the manager praises the employee or a more structured appraisal process. Employees can also be motivated by being included in decision-making and being encouraged to give feedback and suggestions on work processes. Improved motivation can also come about by the employee simply being clearly informed of their targets and any changes that may take place.
- **Working towards the same aims and objectives**
In a large organisation employees may have little contact with people in senior roles. It is important that all employees work in a way that contributes to the overall aims and objectives of the business. Effective communication can help to ensure that all employees are working to achieve the aims of the business. With clear communication, any realistic objective is achievable. Employees are aware of what is required and what the potential rewards are. This motivates them to do a better job and allows them to focus their energy in a certain direction.

- **Helps decision-making**

In order to make the correct decision for the business all employees have to have accurate and up-to-date information. Effective communication is needed to make sure decision-makers have the correct information from the different parts of the business and a range of views are considered before a decision is made.

- **Employee feedback**

Effective communication must allow the receiver to have the opportunity to give feedback. Employees that are encouraged to give feedback in meetings or discussions are more likely to be engaged with the business and be motivated. Effective communication should also involve employees receiving feedback on their performance. In addition to motivating through being praised, the employee may also receive constructive feedback on how to improve their performance in order to increase their productivity.

1. Explain why communication is important in the workplace.
2. With reference to flat and tall organisational structures, explain how:
 - (a) A narrow span of control helps effective communication
 - (b) A long chain of command obstructs effective communication
3. What is meant by communication being a two way process?

Poor communication will have negative consequences for a business:

- **Low employee morale**

Employees like to know what is going on in a business and a lack of communication can lead to gossip and incorrect information being given. If employees are not given the right information or if incorrect information is allowed to grow and make employees unhappy then this can lead to demotivation which could affect employee work performance and reduce productivity.

- **Increased absenteeism**

Poor communication can lead to conflict which can lead to increased absenteeism.

- **Reduced employee co-operation**

When information, especially involving changes in the workplace, is poorly communicated employees can become un-cooperative as they are not informed of the reasons for the change. Employees will lack enthusiasm in carrying out their duties and will question the view of the managers. Poor communication can reinforce the view that the workers views are not important and they are not trusted or valued.

- **Incomplete actions/activities**

Without the correct information communicated by supervisors and managers, employees are likely to make errors in their work which can result in poor products being made and poor customer service being given to customers. Effective communication throughout the business is crucial in order to successfully complete duties. Poor decisions can be made if the communication is absent or incorrect.

- **Reduction in efficiency**

Poor communication in business can obstruct the efficiency of the business. For

example, vague email messages that requires clarification and documents that need rewriting due to errors, can greatly affect the flow of work. Most employee errors come from a lack of understanding, which comes from poor communication rather than them making a deliberate mistake. If an employee does not understand instructions, it is likely that they will perform their task incorrectly. Instructions need to be clear, concise and logical and employees should be encouraged to ask their superiors if they do not understand something, rather than being too afraid to ask.

1. Explain why the following scenarios are examples of poor communication:
 - A manager catches an employee in the hallway leaving for lunch 'by the way I need you to ...'.
 - The operations manager tells an employee they need an important set of data by Friday, and the employee responds that he will have no problem getting the data by Friday.
 - Sending an email to ask for a meeting without asking for confirmation.
 - When giving feedback to an employee for their appraisal the line-manger starts with the negative points.
 - The owner of a business tells an employee they are being made redundant during a weekly meeting with all staff.
 - An employee approaches a manager to tell them about an idea they have for improving productivity. The manager listens then responds with "no that won't work".
2. For each of the scenarios above suggest how the superior could have used effective communication in order to motivate the employee and result in a positive outcome.
3. Explain why poor communication is bad for business.

Working practices

Working practices are the way in which people work in the workplace and these are constantly evolving. Businesses have introduced new working practices as a result of the changing needs of business, changing needs of customers, the need to control costs and the changing patterns of employment and society.

The practices used will depend heavily on the type of business activity, such as the hospitality industry that employs many low skilled people on temporary or part time jobs. These changes have resulted in a more flexible workforce that meets the needs of the business and their customers.

The key features of a flexible workforce include:

Flexible hours

A worker on flexible hours has an agreed number of working hours. These are made up of core hours which must be worked – the remainder of the contracted hours can be worked on a flexible basis. For example, a worker has a contract for 35 hours with core hours of 10am–3pm over five days. The remaining 10 hours can be worked in noncore time (say between 8–10am, and 3–6pm over the 5 days). This can work well for parents who may need to collect children from school. Flexible hours allow workers to work at times that suit their individual needs and can help to motivate employees as they are able to manage their personal and working life in a way that suits them.

Home working

Many jobs of professional status (e.g. design, accountancy, IT programming) can include home working time as part of each working week. Home working includes people who work at home all the time and employees who work from home occasionally. A good PC and broadband connection can mean that many tasks can be fulfilled by working from home.

Those who do these sorts of jobs from home benefit from time saved and the stress of commuting.

Businesses benefit by a reduction in overheads if less office space is required and a more motivated workforce who feel trusted to work without supervision.



Job sharing

Job sharing means that two people share the same job, often on a fifty-fifty split. Job sharing often lets professional workers continue in employment, when otherwise they may have had to take a career break. Employees who job share benefit as they have time to carry out commitments in their personal life, for example they may care for an elderly relative or a young family. Communication between the two individuals is important to make sure they are completing the job to the same level as if one individual was carrying out the job.

Zero hours contract

This is now used widely in the UK. This type of contract means that an employee has to

be available for work but is not guaranteed any work. This provides employers with total flexibility. If the employer is busy, those on zero hours contracts may find that they are on nearly full-time hours. However, if demand for labour falls, workers may find themselves sent home. The benefit to businesses is obvious; they do not have to pay employees when they are not needed. Workers on these contracts have virtually no income security at all. These contracts are being increasingly criticised as they are deemed to be exploiting workers.

Read the following article and answer the questions that follow:

Zero hours contracts reach record levels

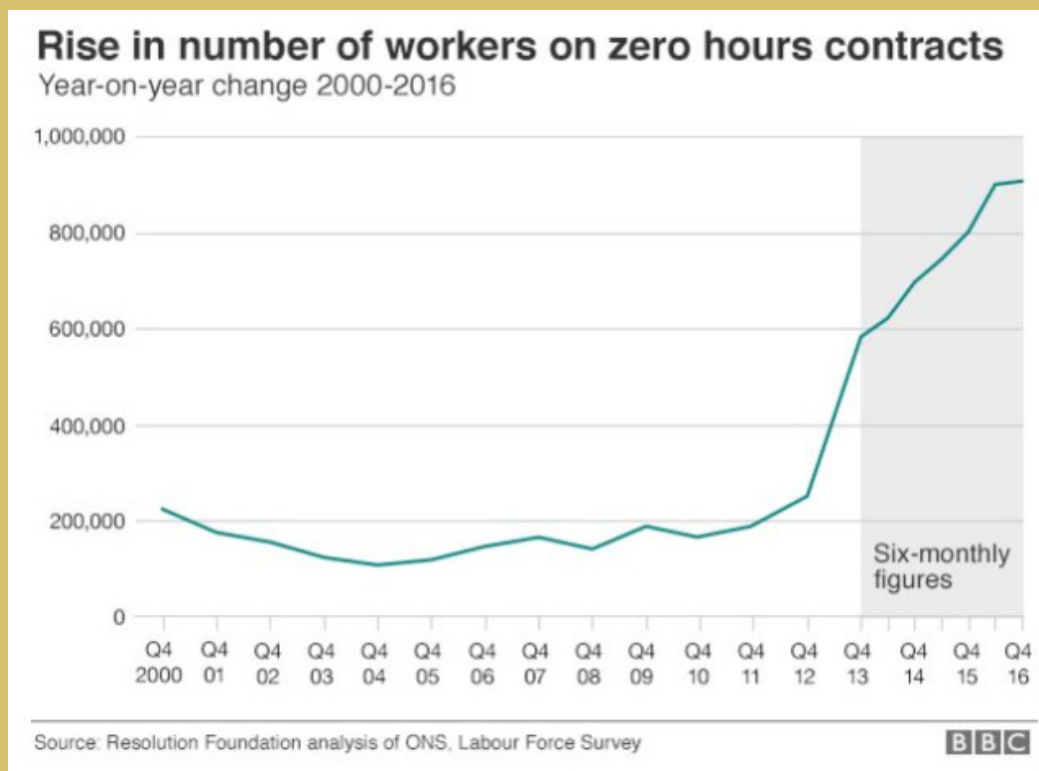
The number of people on controversial zero hours contracts has reached a record high of 910 000.

New figures based on an analysis of Office for National Statistics data reveal that 105 000 more people were on contracts that do not guarantee work in 2016, compared with the same period in 2015. That's an increase of nearly 14%, and 30% higher than 2014. In 2005, there were just 100 000 people on zero hours contracts (ZHCs).

But although the new figures are a record, they also reveal a sharp slowing in the rate of increase in the last six months of 2016.

'It's notable that the increase of 0.8% in the second half of 2016 compares to a 7.7% rise over the same period in 2015', said Conor D'Arcy, policy analyst at the Resolution Foundation, which undertook the analysis of the ONS's Labour Force Survey.

'Ever since ZHCs hit the headlines the numbers have increased sharply every six months. The latest figures bring this run to an end'.



That decline in the rate of increase for such contracts – which have been criticised for being

forced on lower paid workers – could be down to three reasons.

First, as the levels of employment reach record highs, people looking for work can be more demanding about the type of contracts they sign. The number of people on zero hours contracts rose rapidly after the financial crisis as employers sought to cut costs and be more flexible and employees were more concerned about losing their jobs.

Second, as the UK approaches full employment, the number of new jobs being created – whether full time or zero hours – is slowing.

The third reason appears to be business reputation.

After controversies over zero hours contracts at companies such as Sports Direct, a number of businesses have either stopped using them or reduced their use. Homebase, the DIY chain, scrapped zero hours contracts earlier this year.

And JD Wetherspoon, which runs pubs, offered thousands of staff on ZHCs the chance to move onto contracts which guarantee hours.

Although zero hours contracts have been controversial, many say they provide flexibility to people such as students, parents and those with other caring responsibilities. The employee – who still receives employment rights such as annual leave – does not have to accept work offered.

'We shouldn't dismiss all ZHCs as exploitative', Mr D'Arcy said.

'Over the past year, approaching half of the increase has been among workers aged 55-64.

'For many of these workers, ZHCs could offer a flexible transition from full-time work to retirement, allowing them to top up their incomes.

'Neither are they all low-paid positions: one in six ZHC workers are in the three highest-paying occupation groups'.

But the government is concerned that 'precarious working is undermining the tax base as people on zero hours contracts are generally less well paid and more reliant on in-work benefits. 'Workers on ZHCs appear to face a significant pay penalty – typically earning £1,000 less annually than similar workers – as well as being more likely to be underemployed,' Mr D'Arcy said.

'From a living standards perspective, both are troubling.'

Source: <http://www.bbc.co.uk/news/business-39147135>

1. What are zero hours contracts?
2. Why were zero hours contracts introduced by businesses?
3. Why are zero hours contracts criticised?
4. Why are some businesses scrapping the use of zero hours contracts?
5. Why are zero hours contracts liked by some workers?

Flexible workforces are needed by businesses as they can expand or reduce their workforce quickly in response to a rise or fall in the demand for their products or services. A flexible workforce is likely to make a business more efficient, reducing costs and making the business more competitive. However, there are also disadvantages in that a temporary workforce is less likely to have the same commitment to the business which could affect quality. Communicating with a workforce that includes flexible hours, job sharing, working from home and zero hours contract can be a problem. It can also have a negative effect on teamwork.

Acknowledgements

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