

1 (2015)

6		<p><i>Forming, storming, norming and performing are stages in team development.</i></p> <p>Outline your understanding of <i>storming</i> and <i>norming</i>.</p> <p>Storming: Team members test relationships and tensions/Conflicts frequently arise/Members try to establish their positions on a team/Members may act as individuals and resist other views/Differences are challenged.</p> <p>Norming : Constructive relationships and ways of working together emerge/ Ground Rules and procedures are agreed and there is an increased focus on the task at hand/Greater sense of trust develops between team members.</p>	10
---	--	---	----

2 (2011)

Outline **two** strategies that management could use to help employees adapt to change.

1. Management need to **communicate** clearly why change is necessary and the consequences of not taking any action. For example, management could point out that increased competition may lead to a loss of market share and redundancies and that a change in work practices involving greater productivity is a strategy that could prevent this. It will reduce uncertainty and tensions among employees.
2. Management needs to **consult** with the employees before introducing change so that employees will be more willing to accept the changes introduced (inputting into the decisions being made).
3. Management needs to **reward** employees for embracing change e.g. bonus payments and wage increases for accepting and using new technology.

Other strategies could include empowerment, total quality management (TQM), training, industrial democracy, teamwork and adequate funding.

3 (2003)

4	4 + 6 marks	
---	-------------	--

4 Empowerment of Workers

The empowerment of workers means placing real power, which includes decision-making and full responsibility, in the hands of those workers where it is most effective, i.e. as close as possible to the customer. Empowerment means that managers who are not close to the customers give up control to those closest. Decision-making and control is in the hands of workers who use their skills in the interests of the organisation.

Empowerment helps a business to:

- Greatly improve the service to customers.
- Give the worker the opportunity to improve existing skills and acquire new skills.
- Improve staff motivation because empowerment allows them to influence business outcomes and a sense of achievement is experienced.
- Improve morale and reduce stress. Workers have control over how they work.
- Make the workings of the organisation more effective because workers work using their own initiative and without regularly seeking permission from managers.
- Cope and react well to a constantly changing business environment.

4 (2016)

5. (A)	<p>Discuss the benefits of both internal and external recruitment for management positions, for a business such as SuperSave.</p> <p><u>Benefits of internal recruitment:</u></p> <p>Morale improves in business as staff have greater variety and promotion opportunities-career progression/can act as a motivator and strengthen employee commitment to the business.</p> <p>Employee's skills, capabilities and attitude to work will be well known by management.</p> <p>Employee has working knowledge of how firm operates – reduces need for and cost of induction training.</p> <p>Reduces labour turnover as the opportunity for promotion exists.</p> <p>Less disruption within the business/vacancy can be filled quicker and cheaper/reduced costs of advertising etc.</p> <p><u>Benefits of external recruitment:</u></p> <p>Best candidate for the job can be recruited/wider range of candidates.</p> <p>New employee brings fresh ideas/more open to change.</p> <p>Wide ranging experience from previous employment/better skill set/higher calibre.</p> <p>No existing relationships in the business – may reduce chance of conflict/less tension among existing staff.</p>	20 marks
--------	---	----------

(B)

Analyse the effect/impact of new technology on business costs and business opportunities. Provide examples to support your answer.

20 marks

Technology (impacts can be on business costs or business opportunities depending on how they are presented by the candidates).

Impact on **finance** for acquiring the technology-financial cost of purchase; installing and maintenance costs.

Impact on **production**- product quality/greater efficiency /economies of scale/reduced costs/speed of production etc.

Impact on **staff** (employees **and** management)- staff redundancies; training costs; wider span of control; E-working; more competent staff; greater efficiency in administrative functions, etc.

Impact on **communications**-Quick/better decision making due to availability of large amounts of data, etc.

Impact on **marketing**-on-line advertising; on-line sales; E-commerce; E-business, etc.

Impact on **sales**/enhanced reputation with existing/ potential customers; edge over rivals, etc.

Impact on **security**- Breakdowns/security breaches/business vulnerability, etc.

Technology-some examples

EDI-Automated stock ordering system.

Websites and social media such as Facebook; Twitter and LinkedIn allow businesses use internet effectively.

Software- **Database software** (Details of customers/suppliers etc.): **Spreadsheet software** (Financial and statistical calculations etc.): **Desktop publishing software** (Professional quality brochures/leaflets/newsletters etc.)

CAD-3D Printing technology- e.g. packaging design).

CAM-Assembly line work automated.

CIM-Use of robotics to control the entire production process.

(C)

(i) Explain the term quality assurance as part of Total Quality Management (TQM).

20 marks
(5m+15m)

Quality Assurance is a system that guarantees customers that detailed systems are in place to govern quality at every stage in production from design right through sales/ refers to the maintenance of a desired level of quality in a service or a product, by means of attention to every stage of the process of delivery or production.

(ii) Describe the benefits to a business of achieving a recognised quality standard/mark.

Quality symbols (i.e. Q mark) show consumers that a product can be trusted – quality has been approved – **products have met industry standards** which should result in increased customer loyalty/satisfaction.

Can be used as a **marketing tool** to gain a competitive advantage/ increase sales/gain sales from competitors.

Allows business to export more easily – quality symbols such as ISO9001 are **internationally recognised**/ improved reputation.

By becoming associated with a high level of quality a business **may be able to charge a higher price** for its products leading to higher profits.

Cost savings-less wastage/mistakes.

May ensure repeat sales of products/**source of competitive advantage**.

Better motivated employees/Job satisfaction.

Benefits

- Decision-making and control is in the hands of employees who use their greater skills and knowledge for the benefit of the business/decisions made quicker.
- Employees become more responsive to the needs of customers/come up with ideas to solve issues/more satisfied customers.
- Employees more motivated/job satisfaction/valued/improved morale/loyal.
- Employees are better prepared for promotion/better trained.
- Management can focus on strategic planning.

Risks

- If empowerment is introduced without adequate training for employees then mistakes can be made.
- Employees may be unhappy with the extra responsibility and/or lack of training and their stress levels may increase. This can cause de-motivation among employees.
- The lack of control and day-to-day supervision may encourage some empowered employees to take unnecessary risks, leading to bad decision making.
- Empowerment means management are handing over control, responsibility and power to subordinates. Some managers may be cautious of this reallocation of power and loss of control. This can lead to conflict between themselves and employees.

(A) Outline the benefits of teamwork for the employees of the business.

Employees experience **greater job satisfaction** as all members' efforts are taken into account. They are better motivated as participation in teams satisfies the social needs of employees (Maslow).

Employee's **communications skills and interpersonal skills** improve as they are working in a group and dealing with different personalities. This is a good experience for employees, as effective communication skills will help prepare employees for leadership roles within the business.

When working in isolation employees might find it difficult to take **tough decisions**. However, with the mutual support and protection of a team, these tough decisions are easier for employees to make e.g. a decision on making workers redundant.

Successful teams progress through the team development stages of forming, storming, norming and performing. A successful team will mean **less industrial relations problems and less conflict**, saving the employee the stress associated with industrial action.

(15 marks)

- (A) **Performance Appraisal** (explain and analyse benefits of two functions):
Performance Appraisal is the process of reviewing the performance of an employee. Performance appraisal of staff in an organisation requires the Human Resource Manager to form a judgement on a person's work by reviewing the quality of the work, the progress the person has made or the capability of the person.

Benefits of Performance Appraisal:

- Determines suitable pay levels.
- Provide for succession in the organisation by selecting suitable candidates for promotion to posts of responsibility.
- Monitors and controls the recruitment, selection and training and development policies and practices of the organisation.
- Feedback is received on how people are doing their work and weak areas are identified so that performance can be improved/Quality Assurance.
- Provides for two-way communication and clarification of objectives. This helps motivate the employees for the future.
- Evaluates the effectiveness of the selection and training programmes.

Training and Development

Training involves supplying the skills, knowledge and attitudes needed by employees to do their jobs better. On arrival new staff receives induction training, on-the-job training, and off-the-job training.

Staff development involves preparing the employees to take on more responsibility and new challenges in the workforce.

Benefits of Training and Development:

- Better quality service to customers, resulting in fewer complaints and returns.
- Improved quality of production.
- Staff is better cared for and well motivated. /Less industrial relations problems.
- Lower labour turnover rates due to high staff morale/ good reputation of the firm and thereby attracting quality staff.
- Flexible and adaptable labour force allowing for changes to take place/ new work methods and technologies are facilitated.

Employer and Employee Relationships

The quality of the relationship that exists between employers and employees determines the quality of industrial relations between the parties. The implementation of the various health, safety and welfare regulations in the workplace together with interest in, and support for, the social and recreational needs of employees, e.g. sport and social clubs, has a very positive effect on employee morale.

High morale in the organisation can be achieved by:

- Open Communications;
- Valuing employees;
- Teamwork.

Benefits:

- Employees are motivated to work to the best of their ability.
- All personnel are working towards the same goal.
- Flexibility is increased.
- Lines of communication are open and clear.

(B) Different methods of reward (outline):

It is the function of the HRM to negotiate the remuneration package employees are to receive. Employees may receive both monetary and non-monetary rewards.

- **Monetary rewards: Wages and salaries:** Pay may be calculated by the flat rate, time rate, piece rate, commission or bonus schemes.
- **The Time Rate/ Piece Rate:** With a time rate, payments are made of a fixed amount per hour for a fixed number of hours per week. If the employee works more than the fixed number of hours overtime is paid at different rates above the minimum e.g. time and a half or double time/ Piece Rate relates the payment for each unit produced or job completed, the more units produced, the more is earned.
- A **bonus** is a sum of money paid to employees for reaching a certain target, e.g. for producing units above an agreed limit.
- **Commission** is a type of piece rate where payment is made according to value of the amount sold, e.g. payments to a sales person (10%) in proportion to the level of sales achieved. It has the advantage of directly encouraging sales.
- **Fringe benefits** would include 'benefits in kind' given to employees in the form of goods or services rather than money. Monetary examples include profit-sharing schemes, sick pay entitlements, subsidised medical insurance, pension schemes, etc. and non-monetary examples include meal/lunch vouchers, company cars etc.
- **Profit-related pay** is an overall scheme where some of the organisation's profit is paid to employees on an agreed basis, e.g. based on position held. It is paid to motivate the employees to increase the profit by reducing costs and/or increasing output and thus their own earnings.
- **Employee Share Ownership Scheme.** Shares in the business may be given to employees instead of cash bonuses, maintaining employee interest in the job. Share option schemes give employees an option to buy shares in a company at a specified price.
- **Job promotion to a more responsible /senior level in the organisation.**

(C) Strategies to manage change (describe and provide examples):

- Senior Management commitment to the change process.
- Consultation with trade unions and employee representatives regarding the proposed changes/involve all in the decision making process.
- Effective Communication between all parties throughout the change process. This will reduce uncertainty and tensions.
- Adequate funding for the proposed changes/ funding of new technologies and staff involvement/training.

- Negotiation – remuneration packages, productivity agreements, changes in work practices etc.
- Employee Empowerment/training/job rotation/job enlargement etc.
- Change in management style from ‘controller’ to ‘facilitator’.
- Funding/Rewards- Adequate funding for the change process/remuneration packages for staff.

8 (2003)

Question 6. (Business in Action)

- A. Functions of human resource manager 5 at 5 marks (2 + 3). (Total 25 marks)
- B. Teamwork benefits 4 at 5 marks (2 + 3). (Total 20 marks)
- C. Methods of reward 5 at 3 marks. (Total 15 marks)

QUESTION 6

(A) Key Functions of HRM

- Manpower planning

Manpower planning involves examining the human resource needs of the organisation and ensuring that they are met. An audit of existing employee skills and expertise may be conducted. Plans for the future are laid and employee development programmes designed.

- Recruitment and Selection of Employees

Personnel in an organisation change for many reasons, e.g. retirements, transfers, illness, resignations, promotions, maternity leave, etc. For this reason the HR specialist must maintain a supply of personnel to meet all requirements.

- Training and Development

As organisations and people change over time, all personnel must be ready to meet the challenges of changes in the market place, among competitors, in the law and in technology applications and products. Personnel are helped in this area with programmes of training and development.

- Performance Appraisal and Review

Most organisations now relate reward, i.e. salary scales and bonuses, to how the employee performs in the organisation. The design and development of appraisal systems is now a central function of HRM, i.e. putting a value on employee performance.

- Industrial Relations

Industrial relations are the relations existing between employers and employees on such matters as pay and conditions of employment. Negotiations must take place between the parties, not only on pay, but also on complaints, grievance and disciplinary procedures and on issues like redundancy, early retirement and dismissal.

- Employee Health, Safety and Welfare

The implementation of the various health and safety regulations in the workplace together with interest in, and support for, the social and recreational needs of employees, e.g. sport and social clubs, has a very positive effect on employee morale.

- Pensions Administration

The Human Resources Manager will be the contact through which pensions will be arranged.

- Monitoring General Employment Conditions

Since the main asset of all organisations is its workforce, particular care will be paid to maintaining the attractiveness of working for the organisation. Care will be taken to reduce the risk of key personnel leaving and avoiding high labour turnover difficulties in general. If the market rate of pay is not offered, then new, talented employees will not work for the organisation, they will leave and work for other organisations.

(B)Benefits of Team work

- To be successful in most things, an individual usually possesses some of the enterprise skills such as innovation, determination, perseverance, goal-setting, risk assessment, human relations skills, etc. Most things are only achieved with the help of others as part of a team. Being able to work as part of a team of people in the pursuit of goals, coupled with the individual skills, is the mixture necessary for success.
- Individuals wish to feel a part of the organisation but this is made difficult by the large size of the organisation. Smaller groups are formed within the larger organisation to which the individual can belong. People can satisfy the need for belonging by contributing in some way to the smaller group, the team.
- Teams are formed because the members have shared objectives, e.g. apprentices or trainees.
- Teams are attractive, e.g. working abroad, social or sporting skills.

- Morale is described as the feelings, attitudes or psychological state of mind of an individual or group of individuals. It is the quality of the feeling of belonging and of confidence that exists in a team or group.
Morale is a collective feeling of dependability and strength of purpose experienced by the employees who are members of a team. These feelings and attitudes can, of course, be either good or bad.
- Morale is high when the team is working towards a common objective or interest and the objective or interest is also that of the individual.
If the spirit of the team is high, it will encourage all members to work hard to achieve the team goal. Morale is low, however, when team members are more interested in personal goals than team goals and the two are not the same. Teams and individuals in teams blame each other for mistakes and relationships of trust go bad.
- Open communications encourage team effort. Each side can appreciate the other's difficulty and understand the interrelationships between the parts of the organisation.
- All conflicts are worked out through discussion and collaboration. Voting is not common and difficult issues will be given time in the interests of consensus.
- Employees enjoy their work more when part of a team structure. Being in the team is a pleasurable experience for the members, they enjoy it.
The team periodically reviews its own performance by asking questions like; Where did we go wrong? How can we improve this? Didn't we do well there?
- Teams satisfy social needs in individuals. (see Maslow's theory of motivation. The security of the team protects against being ignored or rejected.
- Team goals and individual goals are shared. What is good for the team is good for the member of the team.
- Teams support and help their members at difficult times. Relationships, friendships and feedback are all developed by the team.
- All members share the responsibility for the successes and failures of the team. The members are willing to see praise and recognition go to the team rather than the individual.

(C)Methods of Reward

- **The Time Rate**
With a time rate, payments are made of a fixed amount per hour, e.g. £7 per hour, for a fixed number of hours per week, e.g. 40 hours. If the employee works more than the fixed number of hours, overtime is paid at different rates above the minimum, e.g. time and a half or double time.
The system is easy and cheap to operate and is used a lot where the amount of work performed is outside the control of the employee, e.g. office work and assembly lines.
- **Piece Rate**
Piece rate relates the payment to the number of units produced or jobs completed, the more units produced, the more is earned. There is no security in the system for employees and in an effort to add security but keep the incentive element, the time and piece rate methods are sometimes combined. A productivity incentive is offered

to employees who produce above an agreed amount (quota) while the time rate applies up to the quota (the security element).

➤ Fringe Benefits

Fringe benefits would include 'benefits in kind' (BIK) given to employees in the form of goods or services rather than money. Benefits in kind may be more valuable to the employee than cash payments but there may be tax implications involved. Benefits in kind are used to improve morale and raise the status of the job in the organisation. Monetary examples include profit-sharing schemes, sick pay entitlements, pension schemes, payments made in cash, etc. and non-monetary examples include meal/lunch vouchers, company cars, children's education, benefits, social facilities, sports and welfare facilities or memberships or payments in kind eg. gifts, holidays

➤ Profit-Related Pay

Profit-related pay is an overall scheme where some of the organisation's profit is paid to employees on an agreed basis, e.g. position held. It is paid to motivate the employees to increase the profit by reducing costs and/or increasing output and thus their own earnings. The method helps in the development of group co-operation. The difficulty with profit-related pay is that the profit is not always dependent on the effort of the employees: market conditions are significant. Blaming the employees will de-motivate them and the payments are far removed from the actual work and difficult to calculate in advance.

➤ Employee Share Ownership Scheme

Shares in the business may be given to employees instead of cash bonuses or wages. Many companies have adopted these schemes and they have proven to be a good method of motivating employees, maintaining employee interest in the job and improving organisational communications. There are tax concessions for the schemes.

➤ Bonus

A bonus is a sum of money paid to employees for an agreed task, e.g. for producing units above an agreed limit. The bonus can be paid to both individual employees and groups of employees. The relationship between the payment of the bonus and the effort on behalf of the employee must be close. For a bonus to act as an incentive, it must be agreed and be understandable and fair. It may lose its incentive effect if it becomes an expected part of normal pay.

➤ Commission

Commission is a type of piece rate where payment is made according to value of the amount sold, e.g. payments to a sales person (10%) in proportion to the level of sales achieved. It has the major advantage of directly encouraging sales.

It may also be paid to an agent for some service rendered, e.g. the payment to an estate agent for selling property. There is usually little financial risk for the employer or principal because the payment will only be made after the sale. There is little

security for the salesperson in this method so many salespersons receive a basic salary and commission is paid on top of this.

➤ Promotion

