

9. HUMAN RESOURCES ISSUES

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9.1 Introduction to Human Resources (HR)

Meaning of Human Resources

- Human Resources refers to **all people employed by an organisation**
- Employees are a **core organisational resource**, often more valuable than physical or financial assets

Importance of HR to an Organisation

- Organisations depend on employees to:
 - Operate systems
 - Deliver services
 - Achieve strategic objectives
- Poor HR management directly affects:
 - Productivity
 - Quality of output
 - Organisational reputation

HR GOALS:

1. Ensuring the Right Workforce

- HR aims to ensure:
 - Employees have **appropriate skills**
 - Staff are **properly qualified**
 - Experience matches job requirements
- This must be achieved:
 - Without overstaffing
 - Within budget limits
 - In compliance with employment law

2. Staff Retention

- Organisations prefer to:
 - Retain employees
 - Maintain continuity
- Retention improves:
 - Team stability
 - Long-term performance

3. Cost of Poor HR Decisions

- Recruitment is expensive due to:
 - Advertising
 - Selection process
 - Training time
- High staff turnover leads to:
 - Loss of knowledge
 - Reduced efficiency
 - Disruption to ongoing work

Growth of HR Function/Administrative Needs

- Small organisations → HR tasks handled informally
 - Medium-sized organisations:
 - HR administration becomes time-consuming
 - Requires dedicated HR staff
 - Larger organisations:
 - Require full-time HR managers
 - Formal HR policies become essential
- ❖ Small organization (around 12 employees): one person may handle HR tasks.
- ❖ Medium organization (around 30 employees): full-time HR manager required.
- ❖ HR must **collaborate with managers** to meet organizational needs and comply with the law.

HR and Line Managers

- **HR does NOT work in isolation**
 - **Managers:**
 - Identify operational needs
 - **HR:**
 - Ensures those needs are met legally and fairly
 - **Cooperation is essential** to avoid:
 - Legal issues
 - Internal conflict
-

9.2 Legal Context of HR Management

Why Employment Law Exists

- Employment relationships are unequal
- Employers usually have:
 - Greater economic power
 - More decision-making authority
- Law aims to:

- Protect employee rights
 - Prevent unfair treatment
- ❖ Legislation is **complex** and changes frequently (e.g., Employment Rights Act 1996, Enterprise and Regulatory Reform Act 2013, Small Business, Enterprise and Employment Act 2015, Trade Union Act 2016).
- ❖ Practical application depends on **court and tribunal decisions**.

Complexity of Employment Law

- Employment law:
 - Covers recruitment, pay, dismissal, discrimination
 - Is interpreted through courts and tribunals
- HR managers must:
 - Apply laws cautiously
 - Seek expert advice when required

Individual Employee Rights

1. Shift Toward Individual Protection

- Modern HR focuses on:
 - Individual employment rights
 - Fair treatment of employees
- Employees are protected from:
 - Unfair dismissal (introduced in 1971)
 - Discrimination
 - Unlawful treatment (Equality Act 2010)

2. Anti-Discrimination Focus

- HR policies must ensure:
 - Equal opportunity (e.g. equal pay for women)
 - Fair recruitment and promotion
- Failure leads to:
 - Legal penalties
 - Reputational damage

Employment Tribunals (1964)

Role of Employment Tribunals

- Specialised bodies to resolve employment disputes
- Handle issues such as:
 - Unfair dismissal
 - Discrimination
 - Breach of contract

Why Tribunals Matter to Organisations

- Easy access for employees
- Decisions can:
 - Cost the organisation financially
 - Damage employer reputation

Impact of Law on HR Procedures

Need for Formal HR Procedures

- Organisations use formal processes to:
 - Demonstrate fairness
 - Maintain consistency
 - Protect against legal claims

Examples of Formal Procedures

- Recruitment policies
- Appraisal systems
- Disciplinary and grievance processes

Operational Tension

- Some staff view HR procedures as:
 - Bureaucratic
 - Slowing down decision-making
- However, procedures:
 - Protect both employees and the organisation

Authority of HR Staff

- HR may:
 - Override management decisions
 - Prevent legally risky actions
- This ensures compliance but can cause friction

Responsibilities of the HR Department (With Explanation)

1. Recruitment, Selection & Promotion

- Ensure decisions are:
 - Fair
 - Objective
 - Legally compliant
- Prevent discrimination during hiring and promotion

2. Training and Development

- Identify skill gaps
- Provide training to:
 - Improve performance
 - Support career growth
- Essential for organisational competitiveness

3. Remuneration Policy

- Design fair pay structures
- Ensure:
 - Internal equity
 - Compliance with pay regulations
- Influences motivation and retention

4. Appraisal Procedures

- Assess employee performance
- Support:
 - Promotions
 - Training decisions
- Provide structured feedback

5. Dismissal and Redundancy

- Manage employee exits legally
- Follow due process to:
 - Avoid unfair dismissal claims
 - Reduce legal exposure

6. Contracts of Employment

- Clearly define:
 - Job role
 - Pay

- Rights and obligations
- Serve as legal protection for both parties

7. Workforce Planning

- Forecast staffing needs
- Align workforce size with:
 - Business growth
 - Strategic objectives

8. Grievance Procedures

- Provide formal channels for complaints
- Resolve issues internally before escalation

9. Legal Awareness & Compliance

- Monitor changes in employment law
- Advise management on required actions

10. Health and Safety

- Ensure safe working conditions
- Reduce:
 - Workplace accidents
 - Legal liability

11. Consultative Committees

- Enable communication between:
 - Management
 - Employees
- Improve engagement and trust

9.3 RECRUITMENT AND SELECTION

Meaning

- **Recruitment** → Attracting and soliciting applications.
 - **Selection** → Choosing the most suitable candidate(s).
 - Recruitment can be **outsourced** to agencies; selection remains the **employer's responsibility**.
- **Agencies** usually charge ~25% of first-year salary, so choosing a **reputable agency** is critical.

📌 **Case focus:** Poor recruitment damages employer brand; poor selection causes performance, legal, and retention issues.

9.3.1 Recruitment

Job Description & Person Specification

- Must define:
 - **Role purpose**
 - **Key responsibilities**
 - **Required skills, qualifications, experience**
- Two situations:
 - **Specific role** → Precise description.
 - **Talent pool hiring** (e.g., developers) → Broad description.

📌 **Risk if unclear:** Wrong applicants, bias, legal challenges.

Employee Referrals

- Employees recommend candidates.
- Often includes **financial incentives** if referral succeeds.
- Useful where employees share professional networks (e.g., graduates).

📌 **Risk:** Can unintentionally reduce diversity if not monitored.

9.3.2 Selection

Selection decisions must:

- Be **fair**
- Be **evidence-based**
- Comply with **anti-discrimination law**

1. One-to-One Interviews

- Conducted by senior managers/technical staff.
- Can be effective if:
 - Interviewers are trained

- Decisions are documented

❖ **Weakness:** Hard to demonstrate fairness legally.

2. Panel Interviews

- Common in public sector.
- Often unreliable due to:
 - Bias toward confident speakers
 - Panel members lacking domain expertise

Improving effectiveness:

- Diverse, skilled panel
- Bias-awareness training
- Process monitoring

❖ **Case use:** Allegations of unfair hiring → review panel composition.

3. Assessment of References

- Public sector → high importance (most for academic posts)
- Private sector → mainly identity verification.
- Legal risks:
 - Applicants can challenge unfair references
 - Employers can sue for negligent references

❖ **Outcome:** Reduced reliance on references.

4. Psychometric Tests

Types:

1. **Ability tests** → Current skills (numerical, verbal)
2. **Aptitude tests** → Learning potential
3. **Personality tests** → Behaviour & interaction style

❖ **Limitations:**

- Coaching reduces validity

- Weak predictors for senior roles
 - Personality theories disputed
-

5. Situational Assessment

- Candidates placed in simulated scenarios.
- Observed by assessors and peers.
- Expensive but effective for:
 - Graduate recruitment
 - Leadership roles

 **Interview version:** Scenario-based questions.

6. Task Assessment

- Candidates perform real job tasks.
- Very effective for assessable skills (e.g., coding).

 **Risk:** Over-emphasis on short tasks; ignores long-term competence.

7. Relationships & Acquaintances

- Hiring based on prior relationships.
- **Low risk** if skill-based.
- **High risk** if based on favoritism.

 **Legal issue:** Can violate equal opportunity principles.

9.4 STAFF TRAINING & DEVELOPMENT

Purpose and Importance

- Maintain skills
- Improve performance
- Support career progression
- Ensure organisational survival (especially in IT)
- High-tech companies depend on staff skills; lack of training can threaten company survival.
- Training often first to be cut in budget constraints → detrimental to growth.

HR Responsibilities

- Create training policy
 - Administer government-supported programmes
 - Manage CPD (Continuous Professional Development) initiatives for subordinates
 - Members must follow BCS Code of Conduct in order to maintain professional knowledge
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IT & Professional Staff Training

- Internal training → business skills
- Technical skills → external courses, conferences
- Managers expected to:
 - Encourage CPD
 - Support learning opportunities

 **Professional duty:** Managers share responsibility for staff development.

Strategic Importance

- Critical in **high-tech organisations**
- Training cuts = short-term savings, long-term risk

 **Case application:** Skills obsolescence → competitive failure.

Government Initiatives:

- Encourage firms to invest in staff development.
- **Apprenticeships program:** Supports skill acquisition and qualifications.
- 2015: Apprenticeship standards allow training for new and existing employees.

9.5 REMUNERATION POLICIES AND JOB EVALUATION

Remuneration

Includes:

- Salary + Additional Benefits (insurance, car, allowances)

📌 **Main issue:** Perceived unfairness causes dissatisfaction.

HR's role = provide a fair framework to avoid pay disputes.

Remuneration Frameworks

Public Sector

- Fixed pay scales with Annual increments
- Promotions move staff to higher scales
- Allowances for additional responsibilities
- Trade unions negotiate scale increases to reflect:
 - Inflation
 - Employee aspirations
 - Public/government esteem
- Some systems allow allowances for specific responsibilities (e.g., dean, premises in-charge).

📌 **Problem:** Inflexible to market demand (e.g., IT salaries).

Private Sector

- Individual salary setting within broad guidelines
 - Greater flexibility
 - Harder to enforce consistency and maintain fairness (example: salary jump from £25,000 → £40,000 can breach guidelines).
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Job Evaluation

Purpose

- Purpose: compare the worth of jobs and allocate grades.
- Support:
 - Equal pay compliance
 - Pay harmonization
 - Fair grading

📌 **Evaluates the job, not the person** (important exam phrase).

Benefits

- Supports anti-discrimination law
- Useful during mergers & acquisitions
- Provides clarity in rapidly-growing firms
- **Broad-Banded Pay Structures** for flexibility
 - Wider pay ranges
 - Reduces promotion pressure
 - Enables lateral movement
 - Retains specialists without forcing management roles
- Allows employees to progress laterally without promotion.

👉 **Key IT benefit:** Rewards technical experts without misplacing them.

Problems with Job Evaluation

- Ambiguous job descriptions
- Misinterpretation of responsibilities
- Can lead to pay inconsistencies

👉 **Case risk:** Identical jobs paid differently → legal exposure.

Job Evaluation Schemes

1. Non-Analytical

- Compare whole jobs without looking at elements/skills
- Example: Job classification in public sector
- Simple but subjective

2. Analytical

- Break jobs into elements:
 - Responsibility – (Financial or Supervisory)

- Autonomy
- Skills (IT and Language)
- Decision authority
- Weighted scoring system

 **Strength:** More preferred for legal defensibility

Broad-Banded Pay Structure

Definition:

A **broad-banded pay structure** groups many traditional salary grades into a **small number of wide salary bands**. Each band covers a large pay range, allowing employees to progress in pay **without needing frequent promotions**.

Key characteristics:

- Fewer pay grades, but **wider salary ranges**
- Pay progression based on **skills, responsibility, and performance**
- Supports **lateral movement** (role changes without promotion)
- Reduces pressure to promote people just to increase pay
- Common in professional and knowledge-based roles

Example (simple):

- Band 1: Junior roles (£30k–£45k)
- Band 2: Mid-level professionals (£45k–£70k)
- Band 3: Senior / expert roles (£70k–£100k)

An employee can grow within the same band by gaining skills or taking on more responsibility.

Most Suitable Pay Structure for an IT Company

 **Broad-Banded Pay Structure is the most suitable for IT companies**

Why? (Exam-ready points):

1. **Rewards technical expertise without forcing promotions**
 - Skilled developers or designers can earn more **without becoming managers**, which avoids poor managerial placements.
2. **Supports rapid skill growth and role changes**
 - IT professionals often move laterally (e.g., developer → architect). Broad bands allow this without pay disruption.
3. **Handles fast-changing market salaries**

- IT salaries change quickly; wide bands give flexibility to match market rates.
- 4. **Improves motivation and retention**
 - Employees see clear pay progression even if no promotion is available.
- 5. **Encourages continuous professional development (CPD)**
 - Pay increases can be linked to new skills, certifications, and impact.
- 6. **Reduces hierarchy and bureaucracy**
 - Fits well with **flatter organisational structures** common in IT firms.

Best Recruitment & Selection Technique for IT Companies

Short Answer:

👉 **Task-based assessment combined with structured interviews** is the most effective recruitment and selection technique for IT companies.

Best Technique Explained (Exam-Focused)

1. Task-Based (Practical) Assessment – **MOST IMPORTANT**

What it is:

Candidates are asked to perform real job-related tasks, such as:

- Writing code
- Debugging a program
- Designing a system
- Solving a technical problem

Why best for IT companies:

- Directly tests **actual technical skills**
- Reduces reliance on claims in CVs
- Identifies problem-solving ability
- Fair and objective
- Predicts real job performance

Example (case study style):

An IT company asks a developer candidate to build a small API or fix bugs in a codebase.

⚠ Limitation:

Cannot assess large-scale system design or teamwork alone → needs support from other methods.

2. Structured One-to-One Technical Interview

What it is:

A planned interview with technical and managerial staff using **standardized questions**.

Why important:

- Assesses **communication skills**
 - Tests **design thinking and experience**
 - Allows discussion of past projects
 - Easier to show compliance with anti-discrimination laws
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3. Situational / Scenario-Based Questions

What it is:

Candidate is given a realistic work scenario and asked how they would respond.

Why useful in IT:

- Tests decision-making
- Evaluates teamwork and ethics
- Assesses handling of deadlines, bugs, conflicts

Example:

“How would you handle a critical production bug just before release?”

Why NOT Panel Interviews Alone?

Panel interviews:

- Favor confident speakers
 - Often poor at judging technical depth
 - Unreliable without technical assessors
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Ideal Recruitment Combination for IT Companies (Best Practice)

Recommended approach:

1. **Initial screening (CV + basic technical filter)**
2. **Task-based technical test**
3. **Structured one-to-one technical interview**

4. Situational questions
5. References (final check only)

9.6 AGENCY WORKERS, PERSONAL SERVICE COMPANIES (PSC) AND IR35

1. Agency Workers

Definition

- An **agency worker** is employed by a **temporary work agency (Company A)**.
 - They are supplied to work under the **direction and supervision of a client organisation (Company B)**.
 - They are **not subcontractors** and **not self-employed**.
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Agency Workers Regulations 2010 – Key Rules

Rights from Day 1

Agency workers must receive:

- Access to **canteens and staff facilities**
- Access to **childcare facilities** (if applicable)
- Access to **transport and parking facilities**

 **Purpose:** Prevent unfair treatment from the start of engagement.

Rights after 12 Continuous Weeks

After 12 weeks in the **same role with the same client**, agency workers gain:

- **Equal pay** to comparable permanent employees
- Equivalent **working hours**
- Equivalent **holiday entitlement**
- Equivalent **rest breaks**

 **Equal pay = basic pay, overtime, bonuses directly linked to work done**

Counting the 12 Weeks

- Clock **resets** if:
 - Worker moves to a **different role or workplace**
 - Clock **does NOT reset** due to:
 - Maternity / paternity leave
 - Sickness
 - Approved statutory leave
-

Relevance to IT Organisations

- IT departments often use agency workers for:
 - Short-term skill gaps
 - Project surges
 - Specialist technologies

HR Responsibility:

- Track duration and roles of agency workers
 - Ensure pay parity after 12 weeks
 - Avoid accidental legal breaches
-

2. Personal Service Companies (PSC) & Contractors

What is a PSC?

- A **limited company owned by the worker**
 - The PSC contracts with client organisations
 - Common in **IT consulting and contracting**
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HMRC Employment Status Tests

HMRC determines whether a worker is:

- **Disguised employee (PAYE should apply), or**
 - **Genuinely self-employed / consultant**
-

Indicators of an Employee (High IR35 Risk)

A person is likely an employee if:

- Works for **only one client**
- Works **full-time at client premises**
- Cannot substitute someone else
- Client controls **how, when, and where** work is done
- Receives:
 - Paid holidays
 - Sick pay
 - Expenses paid by client

📌 **Conclusion:** Employment in all but name

Indicators of Genuine Self-Employment

- Works for **multiple clients**
 - Controls own workload
 - Works from own premises
 - Can send a **substitute**
 - Bears own financial risk
 - Pays own expenses
-

3. IR35 (Off-Payroll Working Rules)

What is IR35?

- UK tax legislation targeting **disguised employment**
 - Applies when:
 - Services are provided through an **intermediary (PSC)**
 - **Does NOT apply to sole traders**
-

Purpose of IR35

- Ensure contractors who are effectively employees:
 - Pay **income tax**
 - Pay **National Insurance**
 - Prevent tax avoidance via intermediaries
-

Responsibility for IR35 Determination

- **Public sector (from 2017):** Client organisation decides
- **Private sector (from 2021):** Medium & large companies decide

 Small companies are exempt

Practical Impact on IT Sector

- Many organisations:
 - Reclassified contractors as **PAYE employees**
 - Avoided PSC engagement entirely
- Contractors experienced:
 - Reduced net income
 - Loss of tax advantages

HR & Employer Implications

- Must:
 - Assess employment status correctly
 - Use HMRC's **Check Employment Status for Tax (CEST)** tool
 - Take legal advice

 **Case Study Angle:**
Incorrect IR35 classification → tax penalties + reputational damage

9.7 APPRAISAL SCHEMES

1. Purpose of Appraisal Schemes

- Provide **structured feedback**
- Improve Performance
- **Identify:**
 - Strengths
 - Weaknesses
 - Training needs
- **Support:**
 - Career development
 - Motivation
 - Organisational alignment

 Designed and overseen by **HR departments**

2. Management by Objectives (MBO) - 1954

Core Principles

- Objectives agreed between:
 - Manager
 - Employee
 - Objectives should be:
 - Clear & Precise
 - Measurable – (Objectively Verifiable & Ideally Quantifiable)
 - Time-bound
 - Reviewed periodically (usually 6–12 months)
 - Process:
 - Agree objectives for 6 months/year.
 - Review achievements & obstacles.
 - Set revised objectives for next period.
 - Filters down from organizational goals to individual tasks.
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Strengths of MBO

- Clarifies expectations
 - Links individual work to organizational goals
 - Encourages accountability
 - Improves focus and performance
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Weaknesses of MBO (Exam-Critical)

- Difficult to quantify:
 - Quality
 - Maintainability (eg Software Maintainability)
 - Long-term value
- Encourages:
 - Short-term thinking
 - Gaming the system
- Can distort behaviour:
 - Employees optimise metrics, not outcomes
 - Eg NHS waiting lists



IT Example:

Focusing on delivery speed may reduce code quality

3. Modern Appraisal Schemes

Structure

- Regular meetings between:
 - Appraiser (manager)
 - Appraisee (employee)
- Discuss:
 - Performance
 - Development
 - Career goals
- Produce:
 - Written appraisal report
 - Signed by both parties
- Emphasize **empowerment** – employees decide how to achieve objectives.
 - Appraisal meeting (every 6–24 months): Appraiser + appraisee discuss performance, career development, training needs.
 - Report signed by both; disagreements noted.

Benefits

- Encourages continuous improvement
- Identifies CPD needs
- Motivates Employees
- Aligns employee goals with business needs



Legal Value:

Positive appraisal reports can support unfair dismissal claims

4. Weaknesses of Appraisal Schemes

Practical Problems

- Can feel:
 - Artificial
 - Uncomfortable

- Depends heavily on:
 - Appraiser skill
 - Training
-

Link to Pay & Promotion – A Key Dilemma

- **Too strong a link:**
 - Reduced honesty
 - Defensive behaviour
- **No link at all:**
 - Process seen as meaningless



Best Practice:
Indirect link with transparency

5. Appraisal in IT Organisations

Why Especially Important

- Rapid skill obsolescence
- Need for continuous learning
- Project-based work

Effective IT Appraisals Should Focus On:

- Technical competence
 - Problem-solving
 - Collaboration
 - CPD progress
 - Contribution to long-term system quality
-

6. Role of HR in Appraisal Systems

- Design fair processes
- Train appraisers
- Ensure consistency
- Embed appraisals into organisational culture



Case Study Angle:
Poor appraisal design → demotivation, turnover, skill stagnation

9.8 Redundancy, Dismissal and Grievance Procedures

Role of HR

- Ensure **legal and fair procedures** are followed
 - Prevent **unfair dismissal claims**
 - Protect **organization's reputation and staff morale**
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9.8.1 Unfair Dismissal

When is dismissal fair?

A dismissal is fair only if:

1. **Reason is fair**
2. **Procedure is fair**

If either fails → **unfair dismissal claim**

Who can claim?

- Employee with **2+ years' service** (*exceptions political beliefs*)
- Claim must be within **3 months**
- No service limit for **political belief cases**

Fair/Acceptable reasons for dismissal (Employment Rights Act 1996):

- Lack of capability
- Misconduct
- Employer would break the law by continuing employment
- Redundancy
- Some other substantial reason (must be justified)

Unfair/Unacceptable reasons include:

- Discrimination (sex, race, religion, etc.)
- Trade union activity
- Enforcing legal employment rights

Statutory dismissal procedure:

1. Written explanation

2. Meeting to hear both sides
3. Decision communicated
4. Right to appeal (ideally to senior manager)

Common tribunal failures:

- Insufficient detail
- Late or rushed procedures
- Employee not allowed to present case

 **Key point:**

Following procedure ≠ dismissal automatically fair

Employer must show **warnings, training, and opportunity to improve**

9.8.2 Redundancy

What is redundancy?

- Job no longer needed, not employee fault

Employee rights:

- Redundancy pay (based on age, salary, service)
- Consultation before redundancy
- Legal minimum compensation applies

Consultation rules:

- < 20 employees: no fixed method
- 20+ employees (within 90 days): collective consultation required

Selection methods:

 Acceptable:

- Last In, First Out (LIFO) → the person who is most recently hired is fired

 Not acceptable:

- Trade union activity
- Discrimination (age, gender, race, religion, etc.)

 Redundancy can become **unfair dismissal** if selection is unfair

9.8.3 Constructive Dismissal

What is it?

- Employee resigns due to **serious employer breach**
- Treated as dismissal by law

Examples:

- Forced relocation 400 km away
- Major role change (accountant → receptionist)
- Undermining authority repeatedly

⚠ Employees must use **grievance procedures first**

9.8.4 Takeovers and Outsourcing (TUPE)

TUPE Regulations

- Protect employees during business transfers
- Apply in UK post-Brexit

Key protections:

- Same employment terms transfer
- Continuous service preserved
- Cannot be made redundant due to transfer alone

⚠ Redundancy allowed **after transfer** if genuine business reason exists

9.8.5 Public Interest Disclosures (Whistleblowing)

Public Interest Disclosure Act 1998

Protects employees reporting:

- Criminal acts
- Civil Offenses
- Health & safety risks

- Environmental damage
- Cover-ups
- Miscarriages of Justice

📌 Whistleblowers cannot be lawfully dismissed for disclosure

9.8.6 Wrongful Dismissal

Difference from unfair dismissal

Unfair Dismissal	Wrongful Dismissal
Statutory law	Contract law
Tribunal	Civil courts
Compensation capped	No cap

Example:

- Contract requires 12-month notice
 - Employer gives 1-month notice → breach
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9.9 Contracts of Employment

Key points:

- Every employee has a contract (written or unwritten)
- Employer must provide **written statement**
- Includes:
 - Pay
 - Duties
 - Notice periods
 - Wider employment conditions (grievance procedures, benefits)

HR responsibilities:

- Issue contracts (clear, simple language)
 - Keep signed copies
-

9.10 Workforce Planning

Purpose

Ensure correct **number, skill level, and timing** of staff

Inputs in software companies:

1. Project staffing plans
2. Sales forecasts with probability estimates
3. Expected staff losses

- ❖ **Existing project plans:** Staff required per grade and skills.
- ❖ **Sales forecasts:** Probability of winning contracts; staff needed if won.

Challenges in IT:

- Market volatility (Y2K, Brexit, Covid-19)
- Forecasting staff in project-based companies is **highly uncertain**.
- Small number of predictions → large uncertainty.
- Specialized skills → cannot easily replace staff with training.
- Result: Companies **oscillate** between needing new staff for projects and needing projects for existing staff.

Key insight

- Workforce planning is **statistically unreliable** in project-based firms
- Leads to cycles of:
 - Staff shortages → rushed hiring
 - Excess staff → lack of projects