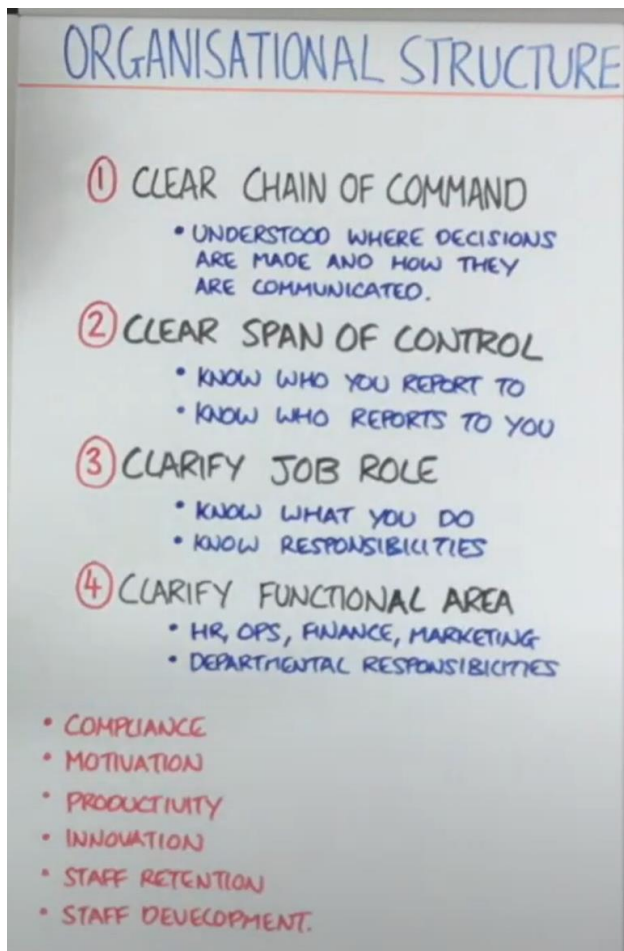


## Organisational structure



### **Advantages of organisational structure**

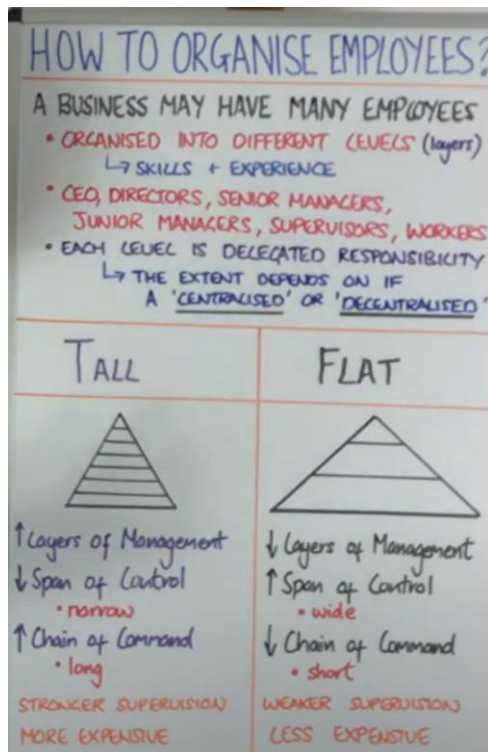
- Clear chain of command
  - understood where decisions are made
- Clear span of control
  - Know who you report to
  - Know who reports to you
- Clarify job role
  - Know purpose and responsibilities
- Clarify functional data
  - HR, Ops, Finance, marketing
  - Departmental responsibilities

### **Doing these things will lead to HR objectives**

- Compliance

- Motivation
- Productivity
- Innovation
- Staff retention
- Staff development

## How to organise employees



### Tall

- Lots of layers of management
- Narrower span of control
- Long chain of command
- Stronger supervision
- More expensive

### Flat

- Less layers of structures → less expensive
- Wider span of control → weaker supervision
- Short chain of command

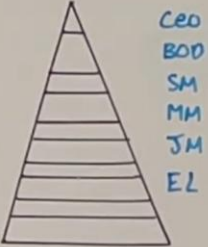
## Tall structures (vertical)

**TALL STRUCTURES**

- ASSOCIATED WITH LARGER, MORE TRADITIONAL ORGANISATIONS
- SOMETIMES CALLED 'vertical' or 'hierarchical' STRUCTURES
- WHEN THERE ARE LOTS OF LAYERS OF MANAGEMENT

**PROS**

- ① Clear and well defined hierarchy, with distinct levels of authority and responsibility ∴ better clarity in who makes decisions and who is accountable
- ② More opportunities for promotion ... may lead to ↑ motivation ∴ ↑ productivity
- ③ Narrow spans of control ∴ better supervision



**CONS**

- ① Longer lines of communication (chain of command) ∴ communication is more complex: delays/distortion of info.
- ② Slower decision making in response to market changes
- ③ More layers of management = Higher costs ∴ ↓ competitive?

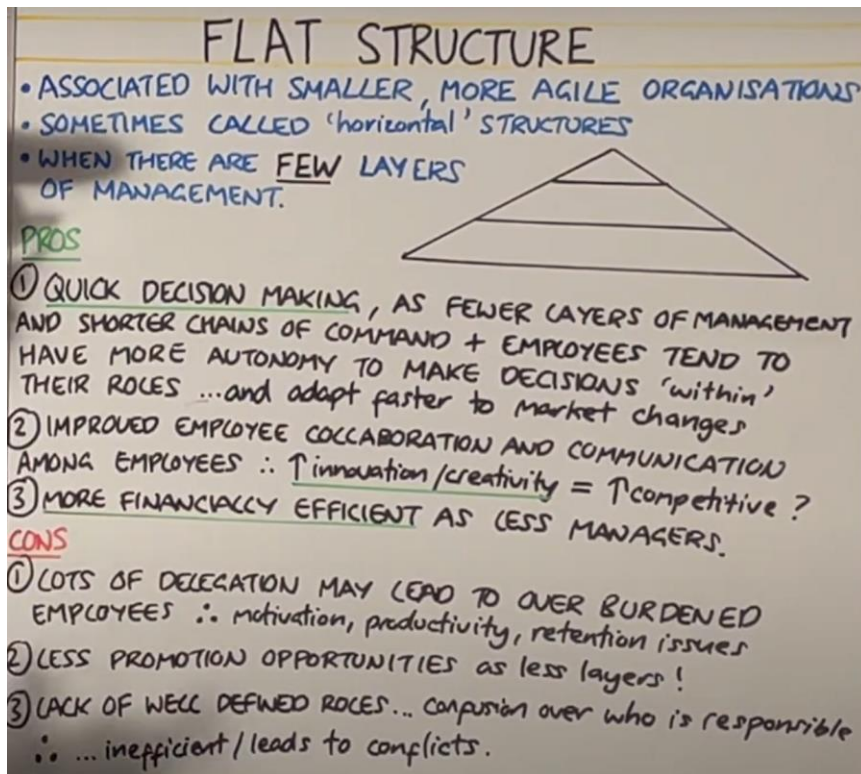
### **Advantages**

- Clear levels of authority and responsibility → understand who makes decisions and who is accountable
- More opportunities for promotion → lead to more motivation → more productivity
- Narrow span of control → better supervision

### **Disadvantages**

- Longer chain of communication → more complex communication (delay and distortion of info)
- Slower decision making in response to market change
- More layers → higher costs → less competitive

## Flat structures



### Advantages

- Quick decision making (less layers) → employees have more autonomy to make decisions → adapt faster to market changes
- Improved employee collaboration and communication among employee → more innovation → give competitive edge
- More financially efficient because less managers

### Disadvantages

- Lots of delegation leads to overburdened employees → motivation, retention, productivity issues
- Less promotion opportunities (less layers)
- Lack of well defined roles → confusion over who is responsible → inefficient and leads to conflicts

## Centralised structures

Centralised Structures	
WHEN CONTROL AND THEREFORE DECISION MAKING IS <u>MADE</u> BY THE HIGHEST LAYERS OF MANAGEMENT. e.g. CEO, Board of Directors, Senior Management	
PROS	CONS
<p>1. QUICKER DECISION MAKING</p> <ul style="list-style-type: none"><li>• top layer = fewer staff</li><li>• experienced + skilled</li><li>• decision made <math>\Rightarrow</math> cascaded to staff</li><li>• authoritarian management <math>\Rightarrow</math> crisis</li></ul> <p>2. CONSISTENCY</p> <ul style="list-style-type: none"><li>• aims, vision + culture of business: stakeholders</li><li>• supplier <math>\Rightarrow</math> purchasing economies of scale</li><li>• service <math>\Rightarrow</math> branches same <math>\therefore</math> consistent customer experience</li></ul> <p>3. MOTIVATION</p> <ul style="list-style-type: none"><li>• clear role/job to do</li><li>• <math>\uparrow</math> confidence = <math>\uparrow</math> productivity</li><li>• middle managers protected</li></ul> <p>4. BUDGETS: financial control</p>	<p>1. RIGID <math>\therefore</math> <math>\downarrow</math> FLEXIBLE DECISION MAKING</p> <ul style="list-style-type: none"><li>• always check with top L:M</li><li>• miss opportunities <math>\rightarrow</math> sales/promos <math>\rightarrow</math> cost savings</li><li>• can't react @ local level</li><li>• middle/junior managers lack authority</li></ul> <p>2. MOTIVATION</p> <ul style="list-style-type: none"><li>• middle/junior lack authority</li><li>• <math>\downarrow</math> empowered</li><li>• <math>\downarrow</math> motivation</li><li>• <math>\downarrow</math> productivity</li><li>• <math>\downarrow</math> innovation</li></ul> <p>BUT <math>\checkmark</math> STATUS QUO <math>\checkmark</math> COMPLIANCE</p>

Centralised structures = Control and decisions made by highest layers of management

### Advantages

- Quicker decision making
  - o Top layer = fewer staff
  - o Experienced  $\rightarrow$  skilled
  - o Decision made  $\rightarrow$  cascade to staff
- Consistency
  - o Aims, vision
  - o Supplier  $\rightarrow$  purchasing economies of scale
  - o Service  $\rightarrow$  branches same
- Motivation
  - o Clear role



Decentralised structures = Control + decision making is delegated by highest layers of management to

- Middle layers
- Departments
- Locations


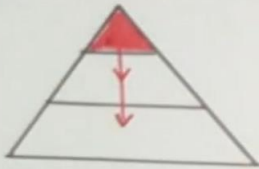
## **Advantages**

- Motivation → more empowerment → take initiative → more productive → more innovation
- Flexible decision making
  - Seize opportunities
  - More promotion → more sales
  - Cost savings
  - React a local level
  - Don't need to check with top
- Internal recruitment
  - On the job training for managers (being delegated → more responsibility)
  - Lower recruitment costs

## **Disadvantages**

- Less consistency
  - Different agendas
  - Aims, views, objectives are different
  - Different customer experience
  - Quality issues → bad reputation
- Depends on skills/experience of who has been delegated
  - Poor skills → poor quality
  - Poor skills → lower motivation
- If business in financial crisis, centralised is better (one voice)

## **Differences between centralised and decentralised**

Centralised	Decentralised
WHEN CONTROL AND THEREFORE DECISION MAKING IS <u>MADE</u> BY THE HIGHEST LAYERS OF MANAGEMENT.	WHEN CONTROL AND THEREFORE DECISION MAKING IS <u>DELEGATED</u> BY THE HIGHEST LAYERS OF MANAGEMENT TO: ① middle/lower layers of mgmt ② departments (HR, ops, Fin, etc) ③ locations (branches, regions, countries)
	
Tall	Flat
<ul style="list-style-type: none"> <li>• authoritarian management</li> <li>• less 'skilled' labour</li> <li>• compliance / obedience</li> </ul>	<ul style="list-style-type: none"> <li>• democratic management</li> <li>• more 'skilled' labour</li> <li>• innovative / creative</li> </ul>
<ul style="list-style-type: none"> <li>• fast food franchises</li> <li>• standardised menus</li> <li>• consistency</li> </ul>	<ul style="list-style-type: none"> <li>• tech start-ups</li> <li>• fast paced, lots of change</li> <li>• skilled workers → trust.</li> </ul>

Centralised – Decisions made by highest layer of management

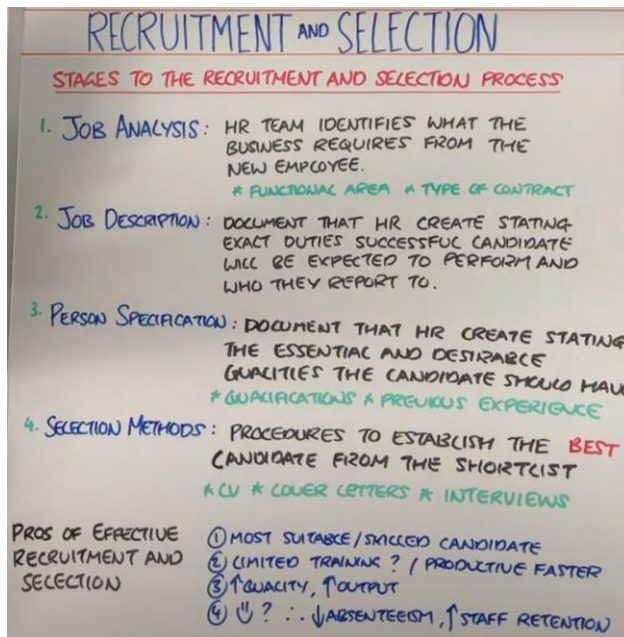
- Tall structure is synonymous
- Suits business with less skilled labour → more compliance

Decentralised – Decision making delegated to lower layers

- Flat structure is synonymous
- Democratic management
- More skilled labour
- Suits more innovative and creative

## Recruitment and selection





## Stages

1. Job analysis: HR identifies what business requires from new employee
2. Job description: Document that HR create stating exact duties to be performed and who they report to
3. Person specification: Document by HR stating essential and desirable qualities needed
4. Selection methods: Procedures to establish best candidate

## Advantages

- Found most suitable candidate → less training → more productive → more quality/output → morale is better → less absences → high staff retention

## Impact of recruiting

IMPACT OF RECRUITING...	
WELL	POORLY
1. ↑ QUALITY - produce ↑ - sell ↑ - costs ↓	1. ↓ QUALITY - produce ↓ - sell ↓ - costs ↑
2. ↑ PRODUCTIVITY ↓ INPUTS TO GET OUTPUT - ↓ TRAINING - ↓ COSTS	2. ↓ PRODUCTIVITY ↑ INPUTS TO GET OUTPUT ↑ TRAINING ↑ COSTS
3. ↑ STAFF RETENTION ↓ RECRUITMENT COST Keep Expertise!	3. ↓ STAFF RETENTION ↑ RECRUIT COSTS Lose Expertise!
4. ↑ EMPLOYEE ENGAGEMENT ↑ MOTIVATED as Good ↑ CUSTOMER / CLIENT SERVICE	4. ↓ EMPLOYEE ENGAGEMENT ↓ MOTIVATED ↓ CUSTOMER SERVICE

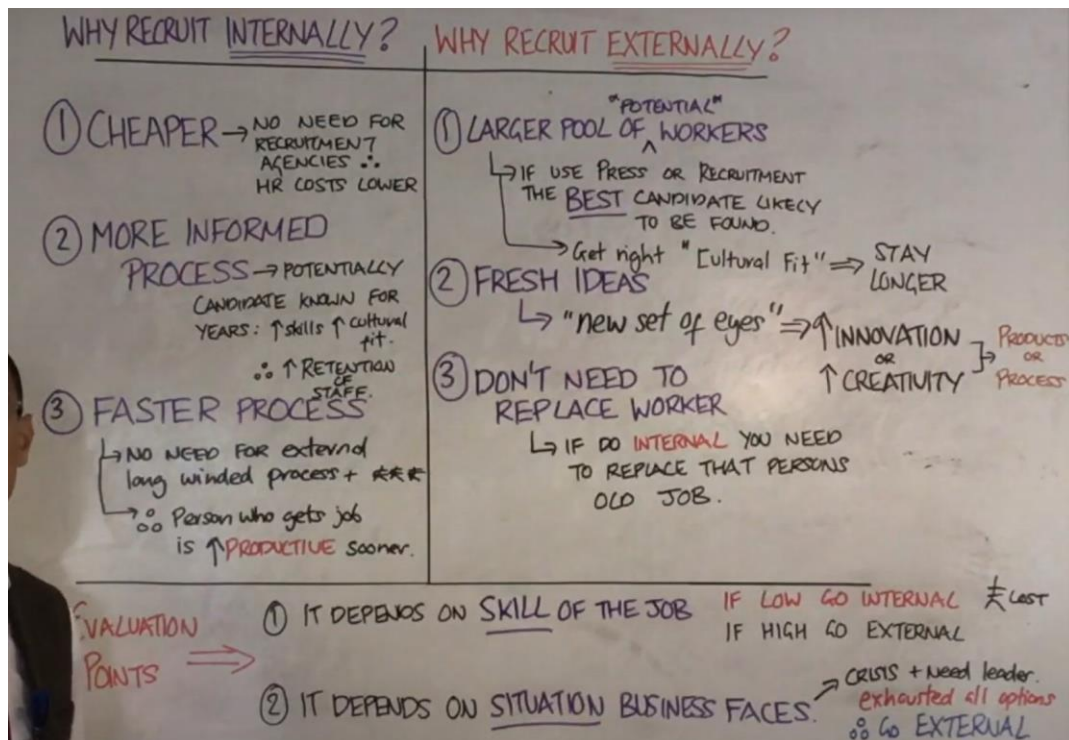
### Doing well

- Workers provide extra quality → produce more, sell more, reduce costs
- Increase productivity → need less input to get output, less training, less costs
- Staff retention → less recruitment costs → keep expertise
- Increased employee engagement → More motivation → increased customer service engagement

### Doing poorly

- Worker produces less quality → less produces, less sold, more costs
- Less productivity → more inputs to get output (decreased efficiency), more training, more costs
- Staff retention → more recruitment costs → expertise gone
- Lower employee engagement → less motivation → worse customer service

## Internal vs external recruitment



### Internal

- Cheaper
  - o No recruitment agencies → HR costs lower
- More informed process
  - o Candidate known for years → more skills → good cultural fit → more staff retention
- Faster process
  - o Quicker to get a person → more productive

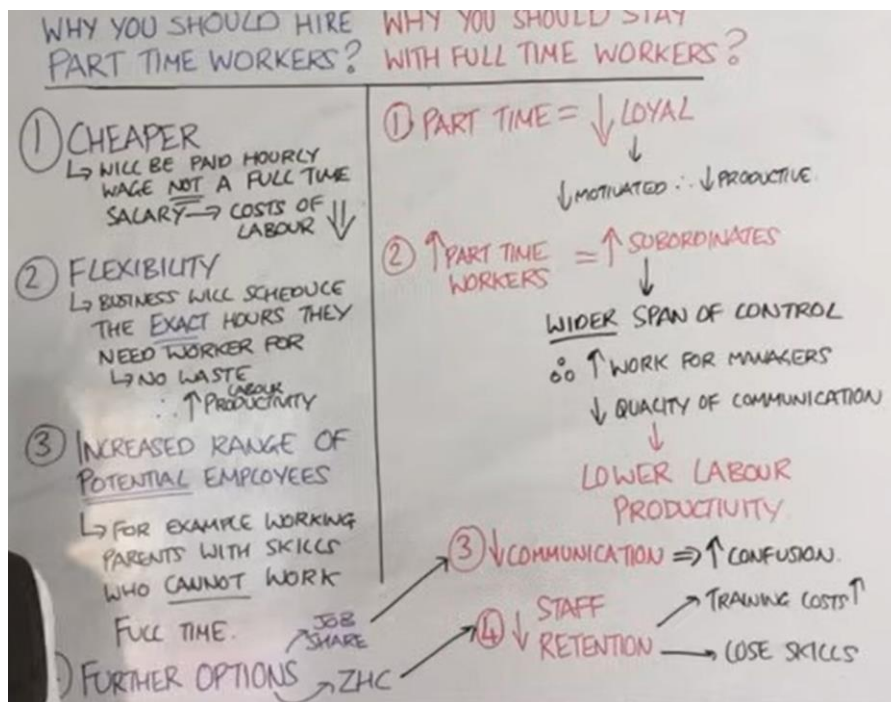
### External

- Larger pool of potential workers
  - o Can find the best candidate → get right cultural fit → more retention
- New ideas → more innovation/creativity → better products/increased efficiency
- Don't need to replace worker (internal)

### Evaluation

- Depends on skill of job
  - o If low → internal
  - o If high → external
- Depends on situation of business
  - o Crisis (need leader) → exhausted all options → go external

## Part time workers vs full time workers



## **Part time**

- Cheaper
  - o Paid wage → lower labour costs
- Flexibility
  - o Schedule exact hours workers are needed → no waste → more labour productivity
- Increased range of potential employees (parents with skills)
- Further options
  - o Job share (two workers together) → lower communication → less confusion
  - o Zero contact hours → less motivation → lower staff retention → lose skills and more training costs

## Full time

- Part time → less loyal → less motivated → less productive
- More part time workers → more subordinates (workers) → more work for manager → decreased quality of communication → lower labour productivity

## Types of contracts

TYPES OF CONTRACTS		
EMPLOYEES CAN HAVE		
<ul style="list-style-type: none"><li>• PERMANENT</li><li>• TEMPORARY</li><li>• FREELANCE</li></ul>		
}		
CONTRACTS		
PERMANENT	TEMPORARY	FREELANCE
EMPLOYEE WORKS FOR THE BUSINESS UNTIL EITHER: (i) employee choses to leave (ii) employee made redundant (iii) employee is dismissed (negligence/misconduct)  BOTH PART TIME AND FULL TIME WORKERS CAN HAVE PERMANENT CONTRACT.	EMPLOYEE WORKS FOR BUSINESS FOR AN AGREED PERIOD OF TIME. e.g. 3 MONTHS  AT THE END OF PERIOD EMPLOYEE WILL LEAVE THE BUSINESS. renewed?  BOTH PART TIME AND FULL TIME WORKERS CAN HAVE TEMPORARY CONTRACT.  • MATERNITY / PATERNITY COVER OR SEASONAL FLUCTUATIONS.	WHEN BUSINESS EMPLOYEES A SELF-EMPLOYED WORKER WITH A SPECIFIC SKILL SET TO HELP THE BUSINESS.  Freelancer works <u>WITH</u> the business. (not <u>FOR</u> the business)

## Permanent

- Employee works for business until
  - o Employee choses to leave
  - o Employee made redundant
  - o Employees dismissed

## Temporary

- Employee works for business for an agreed period of time



## Freelance

- Business employs self-employed worker with specific skillset to help business

## Flexible working

FLEXIBLE WORKING	
FLEXIBLE WORKING IS A WAY OF WORKING THAT SUITS AN EMPLOYEE'S NEEDS. e.g. WFH or changed start/end times	
* MUST HAVE WORKED FOR EMPLOYER FOR AT LEAST 26 WEEKS TO MAKE A REQUEST → STATUTORY APPLICATION → 'reasonable manner'	
PROS OF ALLOWING ⇒	① ↑ motivation ③ ↓ absenteeism ⑤ ↓ recruitment costs. ② ↑ productivity ④ ↑ staff retention
JOB SHARING	ZERO HOUR CONTRACT
WHEN 2 OR MORE EMPLOYEES SHARE ONE FULL TIME JOB WITHIN A BUSINESS.	SPECIAL TYPE OF CONTRACT WHERE EMPLOYER IS NOT OBLIGED TO GIVE A MINIMUM LEVEL OF WORKING HOURS.
+ otherwise unable to offer FT hours + different skills set ∴ ↑ productive - communication issues - fair share of workload.	+ Flexible to business...and employee? + Helps business increase size of workforce - COST EFFECTIVENESS - Demotivating for workers? - Likely lack of training to workers? - Ethical issues

Flexible working = Working that suits employees needs

Any requests made for flexible working is known as statutory application

## Advantages

- More motivation → more productivity → lower absenteeism → higher staff retention → lower recruitment costs

## Job sharing

- **Advantages**
  - They can offer full time
  - Different skillset → more productive
- **Disadvantages**
  - Communication issues
  - Need to share workload fairly



## Zero hour contract

### - Advantages

- Flexible business
- Helps business increase size of workplace → cost effective

### - Disadvantages

- Demotivating workers
- Less training
- Ethical issues

## Impact of technology on ways of working

IMPACT OF TECHNOLOGY ON WAYS OF WORKING	
SPEED + EFFICIENCY	REMOTE WORKING
<p>MORE TECHNOLOGY = ↑ SPEED AND ↑ EFFICIENCY</p> <ul style="list-style-type: none"><li>• MANUFACTURING (AUTOMATION) = increased production</li><li>• BUSINESS COMMUNICATION = faster decision making (don't need to be in same office) (VIDEO CALLS, SHARED DOCS)</li></ul> <p><u>BUT</u></p> <ul style="list-style-type: none"><li>① reduced motivation?</li><li>② excessive communication = ↓ productivity</li></ul>	<p>ABILITY TO WORK WITHOUT BEING IN THE OFFICE.</p> <ul style="list-style-type: none"><li>• wider catchment for talent ∴ ↑ quality, ↑ productivity .. ↑ REVENUE</li><li>• encourage use of freelance contracts nb. use specific skills for projects ↓ COSTS</li><li>• employ workers in new countries may allow business to access new markets ↑ REVENUE</li><li>• less workers in office means rent smaller office + ↓ overheads ↓ COSTS</li></ul> <p><u>BUT</u></p> <p>↑ % remote vs. physical staff issues?</p> <ul style="list-style-type: none"><li>• team morale? • ↑ chance of miscommunication.</li></ul>

## Speed + efficiency

### - Advantages

- Manufacturing → increased production
- Business communication → faster decision making (don't need to be in same office)

### - Disadvantages

- Reduced motivation
- Excessive communication → lower productivity

## Remote working

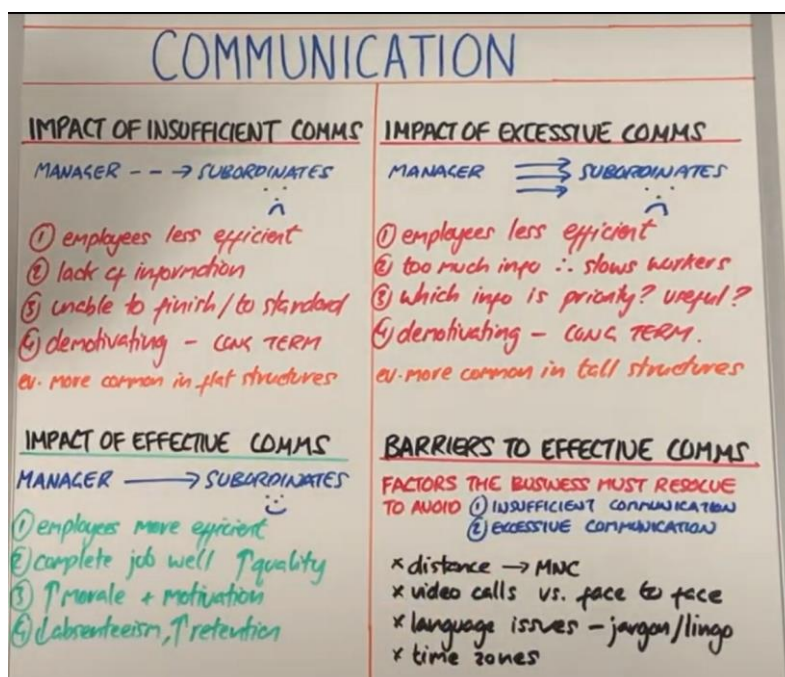
### - Advantages

- Wider catchment for talent → higher quality → more productive → more revenue
- Encourage use of freelance contracts → lower costs
- Employ workers in different countries → allows business to enter new markets
- Less workers in office → lower overheads → increase net profit margin

### - Disadvantages

- More remote workers than physical → lower team morale + cause miscommunication

## Communication



## Insufficient

### - Less communication with manager → subordinates become sad

- Employee becomes less efficient
- Lack of innovation
- Unable to finish work
- Demotivation

### - Impact of effective

- More communication with manager → subordinates are happy
- Employees are more efficient
- Complete job well → high quality
- More morale + motivation
- Less absenteeism, more retention

### Excessive communication

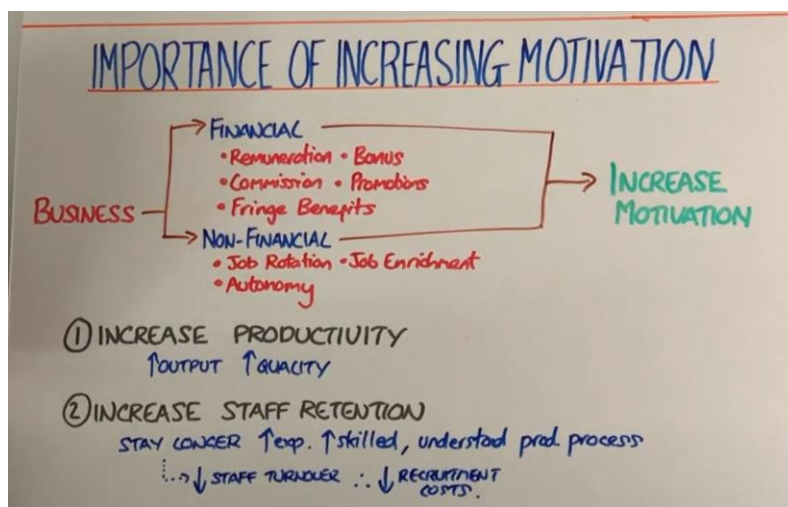
#### - Excessive communication by manager → subordinates become upset

- Employees less efficient
- Too much info → slows down workers
- Unable to discern which info is priority
- Demotivating in long term

#### - Barriers to effective communication

- Great distance between workers → lack of communication
- Language issues
- Different time zones

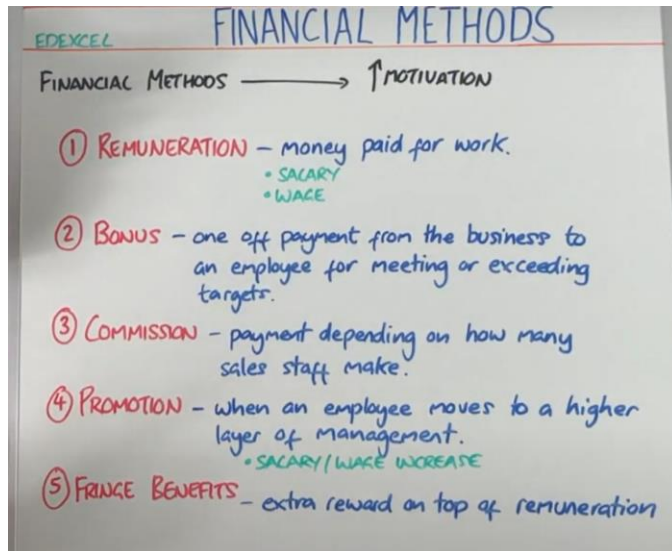
### Importance of increasing motivation



Increase productivity → increase output → increase quality

Increase staff retention → more retention → become more experienced → more skilled → understand production process + lower staff turnover → reduce recruitment costs

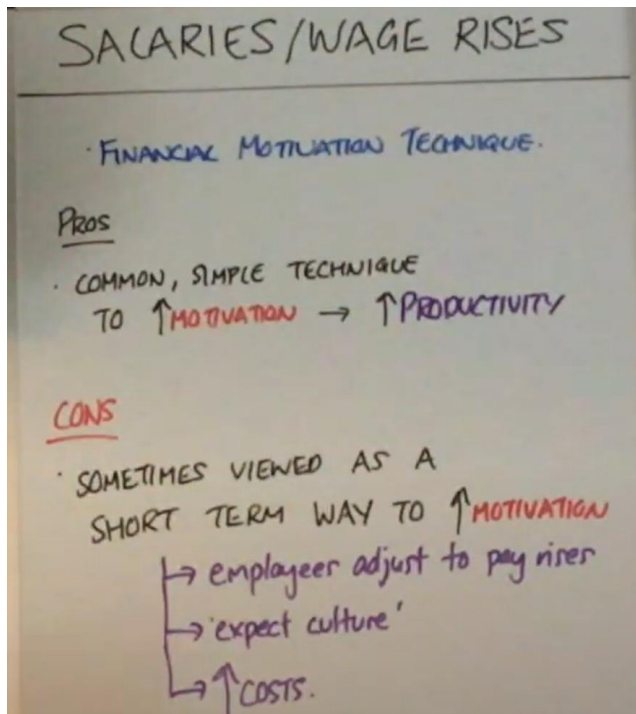
## Financial methods



## **Financial methods → more motivation**

- Remuneration: Money paid for work (salary/wage)
- Bonus: One off payment from business to employee for exceeding targets
- Commission: Payment depending on number of sales staff make
- Promotion: Employee moves to higher level
- Fringe benefits: Extra reward on top of remuneration

## Salary/wages rises



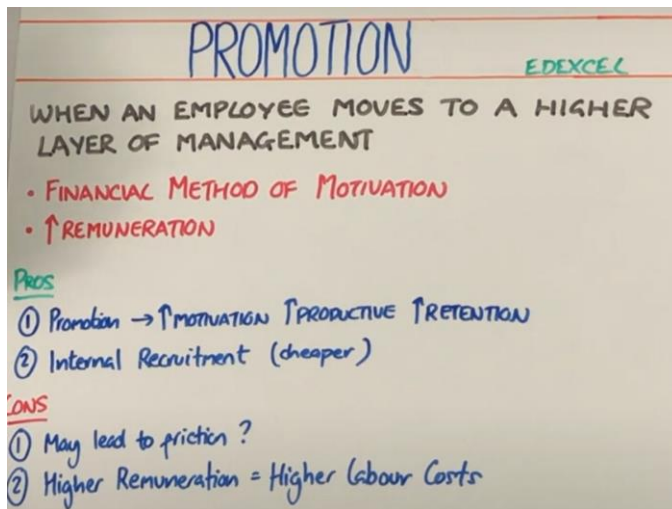
## **Advantages**

- Common, simple technique → increase motivation → boost productivity

## **Disadvantages**

- Short term (myopic vision) way to boost productivity
  - Employees adjust to pay rises → stop working hard
  - Expect salary/wage rises
  - Increased costs → affect profit margins

## **Promotion**



## Promotion

- Financial method
- Increased remuneration

## Advantages

- Promotion → increased motivation → more productivity → higher retention
- Internal recruitment → cheaper

## Disadvantages

- May lead to friction (other workers have less morale)
- Higher remuneration → higher labour costs

## Fringe benefits



FRINGE BENEFITS	
EXTRA REWARD ON TOP OF YOUR WAGE / SALARY. <span style="color: green;">NON-FINANCIAL MOTIVATION</span>	
<b>EXAMPLES: DISCOUNTS</b> COMPANY CAR PRIVATE HEALTHCARE IN-HOUSE NURSERY GYM MEMBERSHIP	<b>PENSION SCHEME</b> FREE LUNCH INDIVIDUAL TRAINING- BUDGET FREE COFFEE
<b>PROS:</b> 1. INCREASE MOTIVATION • Feel Appreciated • Become ↑ Productive 2. INCREASE EMPLOYEE LOYALTY • Stay @ Business longer • Retain Employees • Retain 'Experience and Knowledge' • Avoid Recruitment Costs. 3. BESPOKE TO DEMOGRAPHIC OF EMPLOYEES YOU ARE LOOKING TO RECRUIT. <span style="color: blue;">TALENT ACQUISITION</span>	<b>CONS:</b> 1. COST OF PROVIDING FRINGE BENEFIT.  <b>EVALUATION:</b> 1. ↑ COMPETITIVE INDUSTRY ... means ↑ FRINGE BENEFITS ... so you can: • GET TALENT • KEEP TALENT

## Fringe benefits

- Extra reward on top of wage/salary (e.g. free gym)
- Non-financial

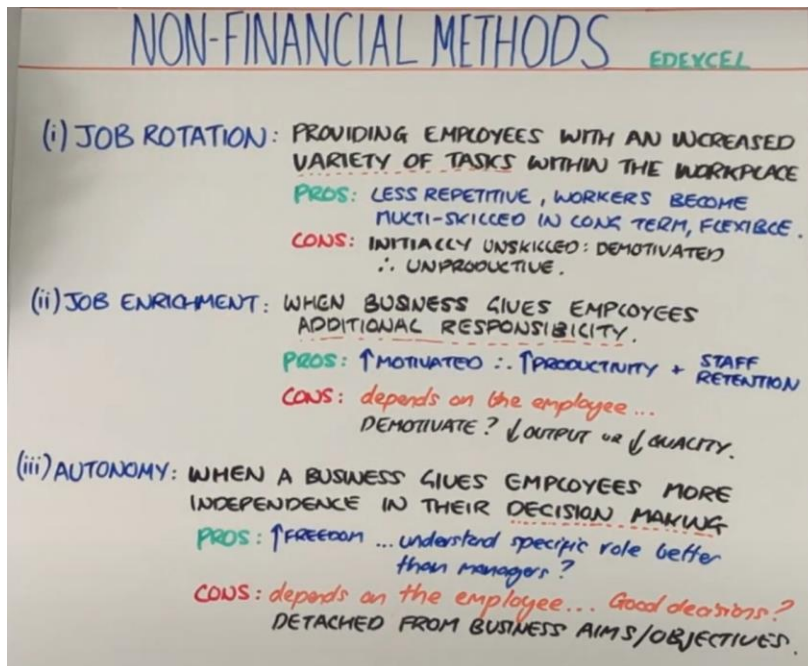
## Advantages

- Increase motivation → more productive
- Increase employee loyalty → higher retention → retain experience + knowledge → avoid recruitment costs
- Bespoke to demographics of employees looking to recruit (talent acquisition)

## Disadvantages

- Expensive
- More competitive industry → more fringe benefits so you can get talent + keep talent

## Non financial methods (REA)



### **Job rotation**

- **Advantages**
  - Less repetitive
  - Workers become multi skilled in long term
  - Flexible
- **Disadvantages**
  - Initially unskilled → demotivated → unproductive

### **Job enrichment (business gives additional responsibilities)**

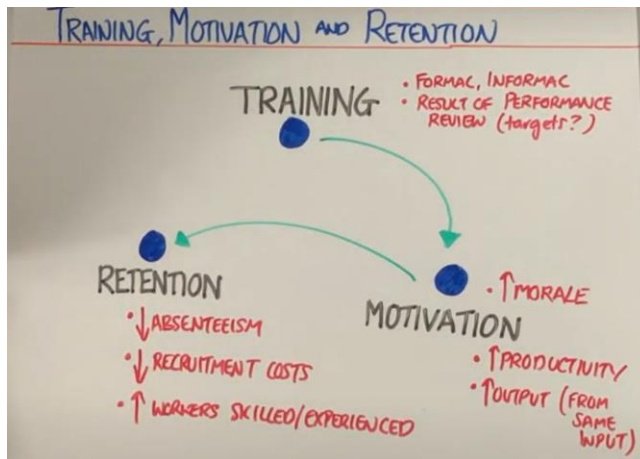
- **Advantages**
  - More motivation → more productive → higher retention
- **Disadvantages**
  - Demotivate → lower output + lower quality (depends on employee)

### **Autonomy**

- **Advantages**

- More freedom
- **Disadvantages**
  - Detached from businesses aims and objectives

## Training, motivation and retention



Training → high morale → increase motivation

Training upskilled workers → more productive → higher output

## Formal and informal training

FORMAL and INFORMAL TRAINING	
FORMAL + INFORMAL TRAINING → develop or improve WORKPLACE SKILLS → ↑ MOTIVATION, ↑ RETENTION	
FORMAL TRAINING	INFORMAL TRAINING
STRUCTURED + TAILORED TO SPECIFIC LEARNING OUTCOMES. → TENDS TO BE OUTSIDE WORKPLACE (i) COLLEGE/UNIVERSITY COURSES (ii) SPECIFIC QUALIFICATION	OFTEN COMPLETED 'ON' THE JOB → OCCUR IN WORK PLACE PRACTICAL BASED (i) OBSERVATIONS OF CO-WORKERS (ii) DEMONSTRATION BY CO-WORKERS
<b>PROS</b> ① NO DISTRACTIONS ∴ ↑ FOCUS ② TAUGHT BY 'PAID' EXPERT	<b>PROS</b> ① CHEAPER ② PRODUCTIVE IN SHORT TERM ③ BUILD TEAM BOND - ↑ MORALE
<b>CONS</b> ① TRAINING COST ② TRANSPORT/ACCOMMODATION COSTS	<b>CONS</b> ① MENTORS TIME CONSTRAINED ② BAD PRACTICE PASSED ON.

Training → develop and improve skills → more motivation and retention

## Formal training

### - Advantages

- No distractions → more focus
- Trained by paid expert

### - Disadvantages

- Training cost
- Transport/accommodation costs

## Informal

### - Advantages

- Cheaper
- Productive in short term
- Build team bond → more morale

### - Disadvantages

- Mentors time constrained
- Bad practice passed on

## Management styles

MANAGEMENT STYLES	
(A) --- (P) --- (D) --- (CF)	
<b>AUTHORITARIAN</b> <ul style="list-style-type: none"><li>• MANAGERS MAKE <u>ALL</u> DECISIONS</li><li>• COMMUNICATION: <u>top</u> → down</li><li>+ BUSINESS CRISIS</li><li>+ UNSKILLED/NEW WORKERS</li><li>- DEMOTUATING</li><li>- LOW STAFF RETENTION</li></ul>	<b>PATERNALISTIC</b> <ul style="list-style-type: none"><li>• MANAGERS CONSULT EMPLOYEES BEFORE MAKING DECISIONS.</li><li>CONSULT → EXPLAIN → PERSUADE</li><li>+ EMPLOYEES FEEL (MORE) INVOLVED</li><li>∴ ↑ MOTIVATION</li><li>- IN LONG TERM ... SOME ISSUES</li></ul>
<b>DEMOCRATIC</b> <ul style="list-style-type: none"><li>• MANAGERS GIVE EMPLOYEES GREATER INVOLVEMENT IN DECISION MAKING</li><li>DELEGATION</li><li>+ ↑ MOTIVATION IN STAFF</li><li>+ 'FREES' UP MANAGER: important decisions</li><li>- SLOW DECISION MAKING PROCESS</li><li>- ARE EMPLOYEES CAPABLE?</li></ul>	<b>LAISSEZ-FAIRE</b> <ul style="list-style-type: none"><li>• MANAGERS HAVE <u>NO</u> INPUT IN DECISION MAKING.</li><li>∴ FULL DELEGATION</li><li>+ COMPETENT + HIGHLY SKILLED</li><li>+ ALIGNED MOTIVATES - Profit Sharing?</li><li>- INEFFECTIVE IF JUST A WAY FOR MANAGER TO 'SHIRK' RESPONSIBILITY</li></ul>

## Authoritarian

- Managers make all decisions
- Communication top down
- **Advantages**
  - Business crisis
  - Unskilled/new workers
- **Disadvantages**
  - Demotivating → Low staff retention

### **Paternalistic**

- Managers consult employees before making decisions
- **Advantages**
  - Employees feel more involved → more motivation
- **Disadvantages**
  - In long term, same issues as authoritarian

### **Democratic**

- Managers give employees greater involvement
- **Advantages**
  - More motivation
  - Frees up manager to make important decisions
- **Disadvantages**
  - Slow decision-making process
  - Employees capable?

### **Laissez faire**

- Managers have no input in decisions
- **Advantages**
  - Makes sense for competent and highly skilled
  - Make sure they have aligned incentives – profit sharing?
- **Disadvantages**
  - Ineffective way of managing business