

## 6 Decision making to improve human resource performance

- 1 Human resource objectives are the targets set specifically by and for the human resources function and might include targets for labour productivity and labour turnover.
- 2 Potential benefits of a highly motivated workforce are higher productivity; lower labour turnover; greater labour retention.
- 3 It may affect labour turnover as some staff may leave to join the competitor. It may also make it harder to recruit staff as there are now more businesses trying to recruit workers with similar skills.
- 4 It will put a burden on training as more staff will need to be recruited and then trained. It may also put a greater strain on motivation as morale can drop once workers feel that they are being overlooked (in a larger organisation).
- 5 A hard human resource approach treats employees as just another asset that must be used as efficiently as possible.  
A soft human resource approach treats employees as a valuable asset that needs to be developed.
- 6 Hard: financial techniques are likely to be used.  
Soft: workers are given more control over their working lives, e.g. delegation and empowerment.
- 7 Labour turnover is a measure of the proportion of a business's staff leaving their employment during the course of a year.  
Labour retention is the proportion of employees with one or more years of service in the business.
- 8  $\text{labour turnover} = \frac{\text{number leaving during year}}{\text{average number of staff}} \times 100$   
 $\text{labour turnover} = \frac{40}{3,600} \times 100 = 1.11\%$
- 9  $\text{labour productivity} = \frac{\text{total output per time period}}{\text{number of employees}}$   
5,720 per year. That is 110 units per week.  
 $\text{labour productivity} = 110 \text{ units}/5 \text{ workers} = 22 \text{ units per worker per week.}$
- 10 i unit labour costs = labour costs/output  
= £7.5m/25m = 30p  
ii labour costs as a percentage of turnover = labour costs/turnover × 100  
 $7.5\text{m}/15\text{m} \times 100 = 50\%$
- 11 Older staff may be less willing to relocate with the business (due to family commitments and housing issues).  
Retention rates are a good indicator of how many employees are likely to be loyal to the firm and whether or not they will stay with the firm even when it moves.
- 12 A firm that is growing will need to hire more staff in the near future. Unemployment rates are important because firms will want to know if there is labour available in the labour force. A higher employment rate will make recruitment harder and more expensive.  
Market trends are useful because the firm may have to retrain staff in order to make new products.
- 13 Job rotation simply allows employees to move around the factory floor undertaking different jobs at the same level. Job enrichment, however, provides more challenging tasks which are likely to be more motivating for employees.
- 14 The Hackman and Oldham model identifies five core characteristics (skill variety, task identity, task significance, autonomy and feedback), which impact on three critical psychological states (experienced meaningfulness, experienced responsibility for outcomes and knowledge of actual results), in turn influencing work outcomes (motivation, performance, job satisfaction and absenteeism).
- 15 Span of control is the number of subordinates who can be controlled effectively by one manager.
- 16 A flatter organisation structure may be introduced in order to reduce costs and to give greater responsibility to employees in their work environment.
- 17 Delegation is the granting of authority by one person to another for agreed purposes. It is important in that it allows managers to concentrate on the more important strategic decision making and it gives subordinates valuable experience.
- 18 Centralisation is the concentration of management and decision-making power at the top of an organisational hierarchy.  
Decentralisation is the process of redistributing decision-making power away from a central location or authority.
- 19 Four possible influences on organisational design are: size of the business; life cycle of the organisation; corporate objectives; technology.
- 20 McDonald's relies on the uniformity of its product and service, which customers trust and enjoy, and it cannot afford to allow individual managers to change that. Tesco, however, can allow individual store managers to respond to both the nature of demand and changes in demand in different parts of the country.
- 21 Changing organisational and job design is likely to make jobs more interesting and challenging, which in turn may improve employee motivation. As a result, workers may become more engaged, thus increasing productivity, lowering labour turnover and increasing labour retention.
- 22 Effective workforce planning enables a business to have the right employees in the right place and with the right skills, making it more likely a business will achieve both its human resources and corporate objectives.
- 23 The scientific school of management is concerned with the needs of the organisation and the way the job is done rather than the needs of the individual, believing employees are simply motivated by money. The human relations school recognises

- that the needs of the individual employee are also important in improving motivation and efficiency.
- 24** Social: the need to love and be loved, and to be part of a group.  
Esteem: the need to have self-respect and the respect of colleagues.
- 25** It could make sure that workers have regular pay, fair treatment and reasonable working conditions.
- 26** Workers in the gig economy will be paid per job. Therefore, Uber drivers (for example) will be motivated to take on more jobs.
- 27** Commission is a percentage of sales. Therefore, a salesperson in the retail industry is motivated to try to sell as many items as possible to maximise their income.
- 28** The non-financial methods of motivation revolve around making work more challenging and interesting, achieved by giving greater responsibility and involvement in the decision-making process. Responsibility and involvement are key motivators in Herzberg's theory and are essential in achieving self-actualisation in Maslow's theory.
- 29** Trade union membership has declined since 1979 due to the changing nature of employment.
- Traditional industries such as coal and steel have declined, and employment in manufacturing has fallen — both these areas tended to be highly unionised. The service industry has seen a growth of employment but is less unionised. In addition, there has been a growth in self-employment and small businesses, which are less unionised.
- 30** Unison (public sector workers); Royal College of Nursing (nurses); National Union for Teachers (teachers).
- 31** Work councils are bodies composed of both employee and employer representatives elected to negotiate with management about working conditions, wages etc.
- 32** ACAS's main responsibility is to prevent or resolve industrial disputes.
- 33** Unit costs will fall if workers can make more sandwiches per hour. This means the shop can lower prices (to be more competitive) or increase the profit margin. Also, workers are likely to take better care of their product, so even if productivity increases, the quality will not diminish.
- 34** Customers prefer to have longstanding members of staff rather than constant change (which will worsen their care and their experience). The firm will have lower training costs too.