

Kibworth Mead Academy
GCSE Business Studies

Unit 3: People
Revision Guide



Name:

Target grade:

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Unit 3: People -An overview

Paper 1: Business Activity, Marketing and People		
Content overview	Assessment overview	
Business Activity Marketing <u>People</u>	Business 1 80 marks 1 hour 30 minute paper	50% of total GCSE

Topic	Content
3.1 The role of human resources	<ul style="list-style-type: none"> ▪ The purpose of human resources in business
3.2 Organisational structures and different ways of working	<ul style="list-style-type: none"> ▪ Different organisational structures ▪ The terminology of organisation charts ▪ Why businesses have different organisational structures ▪ Ways of working
3.3 Communication in business	<ul style="list-style-type: none"> ▪ Ways of communicating in a business context ▪ The importance of business communications ▪ The influence of digital communication on business activity
3.4 Recruitment and selection	<ul style="list-style-type: none"> ▪ Why businesses recruit ▪ The use of different recruitment methods to meet different business needs ▪ Methods of selection
3.5 Motivation and retention	<ul style="list-style-type: none"> ▪ Financial methods of motivation ▪ Non-financial methods of motivation ▪ The importance of employee motivation ▪ The importance of employee retention
3.6 Training and development	<ul style="list-style-type: none"> ▪ Different training methods ▪ Why businesses train their workers ▪ Staff development ▪ The benefits to employees and businesses of staff development
3.7 Employment law	<ul style="list-style-type: none"> ▪ The impact of current legislation on recruitment and employment

Personalised Learning Checklist

Complete the checklist below to rate your understanding of each of the topics in
Unit 3: People

Tick the relevant column to identify your learning and understanding of each of the areas studied.

Unit 3: People



3.1 The Role of Human Resources			
The purpose of human resources in business			
○ Identifying and meeting the human resource needs of a business			

3.2 Organisational Structures and Different Ways of Working			
Different organisational structures			
○ Tall, flat			
The terminology of organisation charts			
○ Span of control, chain of command, delegation, subordinates, authority			
Why businesses have different organisational structures			
○ Importance of effective communication			
○ Different job roles and responsibilities			
Ways of working			
○ Full time, part time, flexible working, temporary working, working from home, working whilst mobile, self-employed			

3.3 Communication in Business			
Ways of communicating in a business context			
○ Letter, email, text, phone, meeting/presentation, social media, website			
The importance of business communication			
The influences of digital communication on business activity			

3.4 Recruitment and Selection			
Why businesses recruit			
○ Replace employees who leave, business growth, skills gap			
The use of different recruitment methods to meet different business needs			
○ Internal methods, external methods, job description, person specification			
Methods of selection			
○ CV, application form, letter of application, interviews, tests, group activities, references			

3.5 Motivation and Retention			
Financial methods of motivation			

○ Pay, bonuses, profit sharing, fringe benefits			
Non-financial methods of motivation			
○ Praise, award schemes, working environment			
The importance of employee motivation			
○ Improved employee performance, helps employee retention			
The importance of employee retention			
○ Already familiar with the business and customers, saves time and expense on recruitment			

3.6 Training and Development			
Different training methods			
○ Induction, on-the-job, off-the-job			
Why businesses train their workers			
○ Development of business, improve productivity, skill shortages, customer service, motivation and retention			
Staff development			
○ Vocational and academic qualifications, apprenticeships			
The benefits to employees and businesses of staff development			

3.7 Employment Law			
The impact of current legislation on recruitment and employment			
○ Discrimination, employees' right to a contract, holidays, hours of work			

Glossary/Key Terms

In your exam you will be required to explain the meaning of a range of key terms.

In most cases 2 marks are available for demonstrating full understanding of the key term and 1 mark for providing a relevant example.

Complete the glossary below so that you have a full set of key term definitions with examples.

Key Term	Explanation	Example
Application form		
Apprenticeship		
Authority		
Award scheme		
Bonus		
Chain of command		
Communication		
Contract of employment		
CV		
Delegation		
Digital communication		
Discrimination		
Employment agency		
Employment law		

Employment tribunal		
External communication		
External recruitment		
Flexible working		
Formal communication		
Fringe benefits		
Full-time working		
Group activities		
Holiday entitlement		
Horizontal communication		
Human resources		
Induction training		
Informal communication		
Internal communication		
Internal recruitment		
Interviews		
Job description		
Layers		

Letter of application		
Motivation		
Off-the-job training		
On-the-job training		
Organisation chart		
Part-time working		
Pay		
Person specification		
Praise		
Professional development		
Profit sharing		
Recruitment agency		
References		
Retention of workers		
Selection		
Self-employment		
Social media		
Span of control		

Subordinates		
Temporary working		
Tests		
Trade union		
Training		
Turnover of labour		
Verbal communication		
Website		
Working environment		
Working time directive		
Working while mobile		
Written communication		
Zero-hours contract		

Exam 'Top Tips'

Multiple Choice Test Taking Tip

Come up with the answer in your head before looking at the possible answers, this way the choices given on the test won't throw you off or trick you.



Read the question carefully and decide on the answer.

Check the possible options and cross out the ones that are **definitely wrong!**

"Be specific about what the product or service actually is. Use actual competitor names too"

Read the question and the information very carefully. Some of your answers will come directly from the text!

Highlight/underline key information in the text

"Follow the correct structures, you have been given them for a reason"

DO YOUR BEST TO BEAT THE TEST Test Taking Strategies



1. Three is key! **READ** the passage, **READ** the questions, **REREAD** the passage to find your answer.
2. Look back and highlight or underline **evidence** from the text that proves or supports your answer.

"Where the question asks for TWO reasons/example/benefits, make sure you include TWO"

"If the question doesn't tell you how many to include, look at the number of marks available"



Test Taking Tip

Use all your time. If you happen to finish the test before time is up, go back over the questions, especially the ones that seemed hard, and check your work.

If you finish your paper before the 90 minutes are up

Check, check and check again!
Ask yourself: So? Why? How? If?

Exam Structures

Follow each of the structures below when answering your exam questions

Explain [2 marks]
Point
Explain <i>2 strands of information using a connective</i>

Recommend [3 marks]
Point
Explain <i>2 strands of information using a connective</i>
Impact
However

Explain [4 marks]
Point
Explain <i>2 strands of information using a connective</i>
Point
Explain <i>2 strands of information using a connective</i>

Evaluate/Discuss [7/9 marks]
Point 1
Explain positive <i>2 strands of information using a connective</i>
Impact
However
Explain negative <i>2 strands of information using a connective</i>
Impact
Point 2
Explain positive <i>2 strands of information using a connective</i>
Impact
However
Explain negative <i>2 strands of information using a connective</i>
Impact
In conclusion the business should..... The most important reason for this is.....because..... While they do need to consider..... I would still recommend.....for the business because.....

Analyse [3 marks]
Point
Explain <i>2 strands of information using a connective</i>
Impact

Analyse [6 marks]
Point
Explain <i>2 strands of information using a connective</i>
Impact
Point
Explain <i>2 strands of information using a connective</i>
Impact

3.1 The role of human resources

Specification content	What you should know
The purpose of human resources in business	✓ Identifying and meeting the human resource needs of a business

Identifying and meeting human resource needs

Businesses need to identify what **human resources** and functions they need when they start up and throughout the lifetime of the business. Identifying **human resource needs** enables a business to create a personnel plan. This will include:

- How many workers it needs to employ
- The type of workers it needs - skilled or unskilled, managers, full time or part time, where they will work and at what times they will work
- How the business will get the best out of its workers

The table below highlights the factors influencing the **human resource needs** of a business.

Factor	Influence on the human resource need
What it produces	Are skilled or unskilled workers needed, or a mix of both?
How much it produces	How many workers will the business need?
The method of production	Can machines rather than workers be used?
When production takes place	Are workers needed seven days a week or only on specific occasions?
The 'functions' or 'jobs' to be completed	What type of workers are needed - finance, production, marketing, human resources?
The budget available to the business	How much can be spent on workers?

Using the words below, fill in the gaps to complete the paragraph

Businesses must identify their human needs when they _____ up. They need what kind of staff and how _____ workers to employ. Other decisions will be whether to employ _____ time or part time workers. Well-run businesses plan ahead. They will look at their staffing needs _____ to see if they are changing, for example, because the business is _____ or _____ the way it produces its goods or services.

start

many

full

growing

changing

regularly

Match the change given in the table below with its effect on business.

Change
A kitchen fitting business increases its sales as a result of the growth of incomes and employment in the economy
A car manufacturer introduces high-tech robotic equipment
Next PLC has to pay its shop assistants more as the government raises the national living wage
A bicycle manufacturer decides to switch production to a factory abroad
A family activity centre decides to close on a Wednesday and open at the weekends instead

Effect on the business
Some workers may lose their jobs but the business may want some workers to work in the new factory
It will have to ask the workers to work different hours
More of the same kind of workers will be needed
The business may look to reduce the number of workers it employs
Skilled workers will be needed to program the equipment

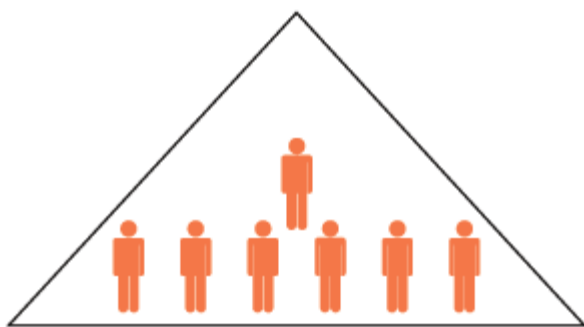
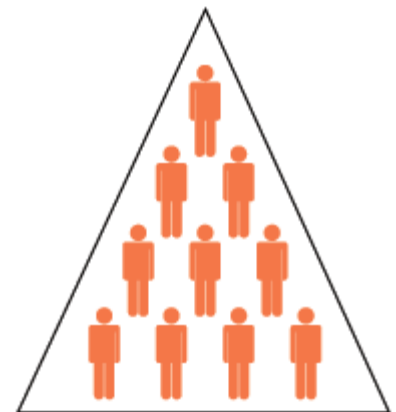
3.2 Organisational structures and different ways of working

Specification content	What you should know
Different organisational structures	✓ Tall, flat structures
The terminology of organisation charts	✓ Span of control, chain of command, delegation, subordinates, authority
Why businesses have different organisational structures	✓ Importance of effective communication, different job roles and responsibilities, different ways of working
Ways of working	✓ Full-time, part-time, flexible working, temporary work, working from home, working whilst mobile, self-employed

Different organisational structures

Organisational structures can be classed as either '**tall**' or '**flat**'.

Tall organisational structures have many layers of staff from top to bottom. Here there are four layers, including the board of directors at the top, and down to the shop-floor workers at the bottom.



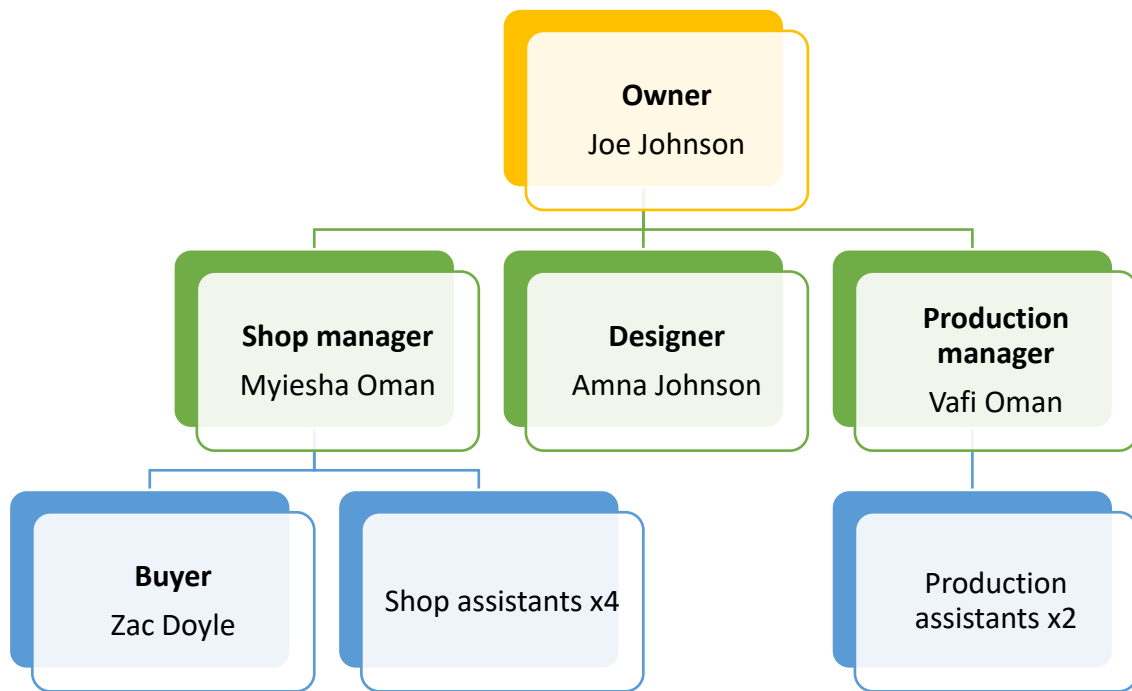
Flat organisational structures will only have a few layers, maybe as little as two or three. There may be a board of directors at the top, one layer of managers and the shop floor workers.

The table below shows the advantages and disadvantages of different types of **structures**.

	Tall structure	Flat structure
Advantages	<ul style="list-style-type: none"> There are clear lines of communication from the people at the top to the people at the bottom of the organisation Managers tend to have only a few people that they are responsible for There will be opportunities for people to gain promotion within the organisation, which can be good for motivation 	<ul style="list-style-type: none"> Managers tend to delegate responsibilities to the workers they have responsibility for, which is good for motivation Workers are likely to talk to a wider range of colleagues, so structure is good for generating ideas
Disadvantages	<ul style="list-style-type: none"> Subordinates may feel they are too controlled by their line manager which can stifle motivation and creativity Workers may only talk to immediate colleagues and may be less sympathetic or supportive to workers in other areas of the business 	<ul style="list-style-type: none"> There are not always clear lines of communication and some workers may miss out on information which would help them and the business Managers may have a large number of workers to oversee Promotion opportunities may be few and may be unclear to workers, which may reduce motivation
Suitability	<ul style="list-style-type: none"> Tall structures suit large organisations such as hospitals Tall structures suit non-creative businesses where workers perform limited, clear tasks, for example, a building company 	<ul style="list-style-type: none"> Flat structure are suitable for creative businesses, such as computer game design Flat structures are good for smaller businesses because they can help workers feel valued

The terminology of organisation charts

The **organisation chart** below is for J.J. Jewellery, a sole trader business owned by Joe Johnson. Joe is responsible for the business, its finances and its accounts. The business makes its own jewellery and sells it through a shop, also owned by Joe Johnson, in the town of Bowton. The jewellery is designed by Amna Johnson, Joe's wife. It is made in a workshop by a team of three. Vafi Oman, Amna's brother, manages the production team. The shop is run by Myiesha Oman, Amna's sister. There are four shop assistants. Zac Doyle is a part-time buyer who buys jewellery from other manufacturers to sell in the shop.



There are five important terms connected to **organisation charts** that you need to know. In the table below can you identify the correct key term and match them with the correct explanation.

Explanation	Key term
The power that one person has to make decisions and to give instructions to those workers they are in charge of. A line manager is a person who is in charge of other workers.	
Workers what a line manager is responsible for	
A process where a manager gives a subordinate responsibility to make certain decisions, for which the manager remains ultimately responsible.	
The link in authority from those at the top to those at the bottom	
The number of subordinates that a manager has authority over	

Example
If Joe Johnson wants to pass an instruction to the production workers, the chain of command would be from him to Vafi and then to the production workers
Vafi has authority over two production assistants
The span of control for Joe is three - he has authority over Amna, Myiesha and Vafi
Myiesha is a subordinate of Joe Johnson
Joe Johnson has delegated responsibility for designing jewellery to Amna Johnson

Why businesses have different organisational structures

Businesses can be **organised** in different ways. There are three main reasons why businesses choose different **organisation charts**:

1. Importance of effective communication

Communication is very important in all businesses. A business will organise its **structure** in a way it thinks will result in the best communication between its workers. One business may put all the workers connected with one particular product in one department so that they consider all the different but connected functions when making decisions. A business which operates in different parts of the world may organise its workers by place or area so that it is easier for them to communicate.

2. Different job roles and responsibilities

A business may decide that all its workers for one function should be together so that, for example, the marketing experts are helping each other with decisions. Each function or department will focus on what it does best, it is an example of specialisation in production.

3. Different ways of working

You have seen that **tall** and **flat organisation structures** suit different types of businesses. **Tall organisations** suit large businesses where the success depends on workers carrying out clearly defined tasks. **Flat organisations** are better for businesses that need their workers to be creative - a **flat structure** will enable workers to communicate with a range of different workers and to share ideas.

Ways of working

The table below summarises the different ways of working you need to know and the main advantages and disadvantages of each - from the point of view of the business.

Way of working	Definition	Advantages to the business	Disadvantages to the business
Full time	When a person works 35 hours or more per week	The worker is permanently available for the business	The business may have to pay a worker at a time when no work needs to be done
Part time	When a person works less than 35 hours per week	The worker can be asked to work at specific times needed by the business	The business may have to train many more workers than if it

			employed only full-time workers
Flexible working	The practice of people working partly at their place of work and partly elsewhere. Perhaps at home or while mobile, and possibly at times that suit them	The business may benefit from motivated workers who like the flexibility of when they will work	The worker may not be available to work when needed by the business
Temporary working	When a person only works for a short period of time for an employer, sometimes on a short-term contract or sometimes on a day-to-day basis	The business only needs to employ workers for the length of time they need them, for example, at Christmas time	The business may find it difficult to recruit enough workers at times when they are needed
Working from home	When a person completes work for a business, or for themselves if they are self-employed, in their home	The business may save costs by not having to provide office space	Workers may not communicate with each other very well, reducing their efficiency
Working while mobile	When people work while they are on the move, travelling or on holiday	The business benefits from the increased productivity of the worker	The business may not be able to monitor that the worker is working as much as he or she should
Self-employment	When people work in their own business, selling their work to buyers who may be consumers or other businesses	Businesses often like to use self-employed contractors to do work for them because they only need them for a specific job and they do not need to pay national insurance or pension contributions for the worker, or to pay them when there is no work to be done	The self-employed person may not work in the way that the businesses own employees are trained to

The table below summarises the main advantages and disadvantages of different ways of working - from the point of view of the workers.

Way or working	Definition	Advantages to the worker	Disadvantages to the worker
Full time	When a person works 35 hours or more per week	The worker is paid for a full working week	The worker is tied to working a full working

			week throughout the year
Part time	When a person works less than 35 hours per week	The worker can work when it suits them, for example, during the hours their children are in school	The worker will only get paid for the hours they work and this may mean less money than they need or want. The worker may have to take a second job
Flexible working	The practice of people working partly at their place of work and partly elsewhere. Perhaps at home or while mobile, and possibly at times that suit them	The worker can work at times that suits them, for example, they can work four long days and take the fifth day off as flexi-time	The worker may not be offered as much work as they want
Temporary working	When a person only works for a short period of time for an employer, sometimes on a short-term contract or sometimes on a day-to-day basis	The worker can work and earn for a period and then have time to do other things they want to, such as going on long holidays	The worker may find there are times of the year when there is no work for them
Working from home	When a person completes work for a business, or for themselves if they are self-employed, in their home	The worker saves time and money by not having to travel to work	The worker may find there are distractions at home such as noisy children or they may miss socialising with other workers
Working while mobile	When people work while they are on the move, travelling or on holiday	The worker can take full use of their time, even when they are travelling	The worker may feel under pressure to work a lot, even while on holiday
Self-employment	When people work in their own business, selling their work to buyers who may be consumers or other businesses	The worker may like being in control and may be highly motivated because their earnings depend on how much they produce	There is less job security for the worker as there may be times when there is no work and so no income

3.3 Communication in Business

Specification content	What you should know
Ways of communicating in a business context	✓ Letter, email, text, phone, meeting/presentation, social media, website
The importance of business communications	✓ Which method should a business use and why
The influence of digital communication on business activity	✓ How digital communication influences business activity i.e. placing less reliance on location, impacting on the number of workers required and ways of working in a business

Ways of communicating in business context

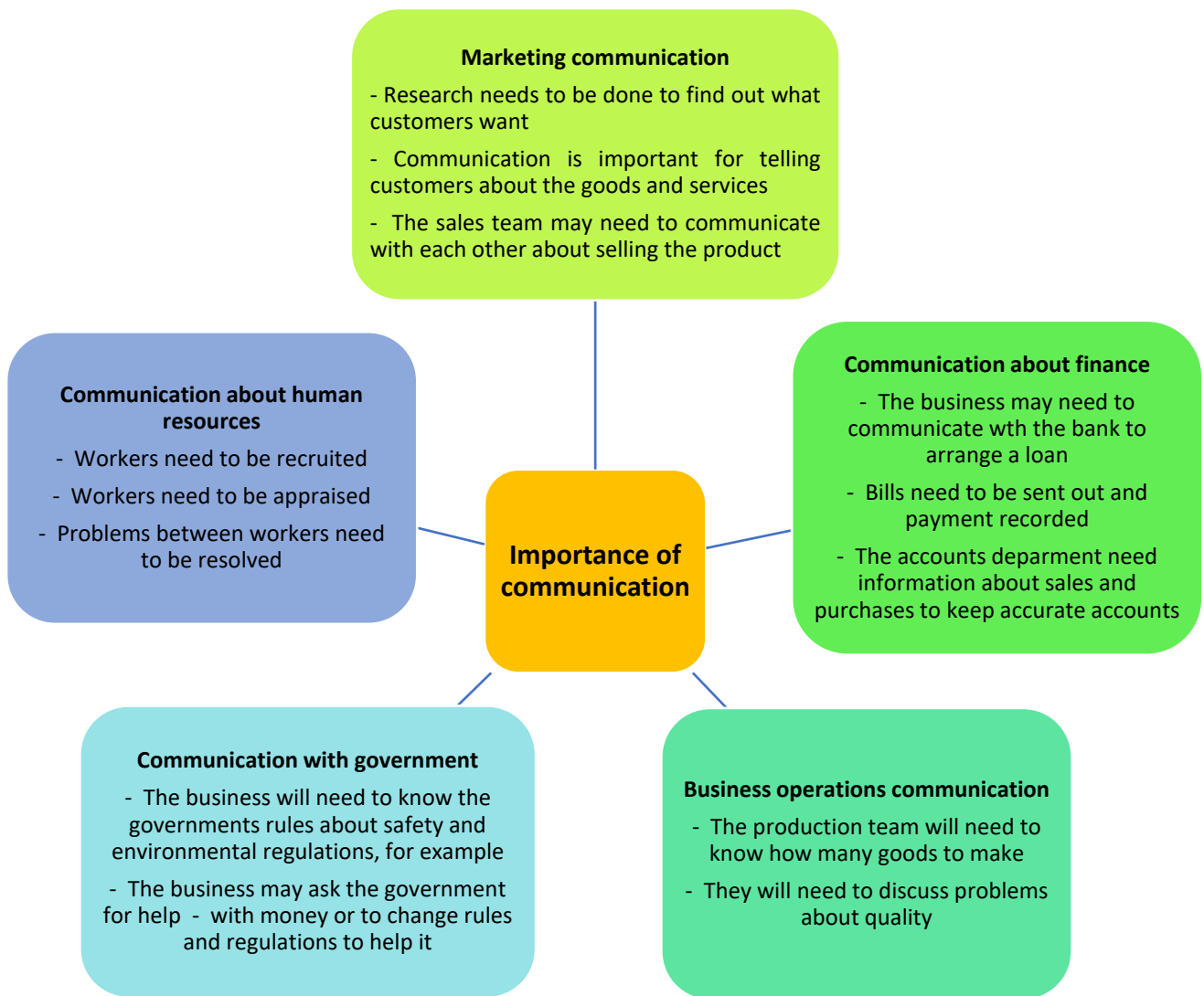
The table below summarises the main ways of **communicating** that you need to know; **verbal communication** and **written communication**. Two advantages and two disadvantages are given for each method of **communication**.

Method of communication	Advantages	Disadvantages
Verbal/spoken		
Phone Communication using a mobile phone or a landline	<ul style="list-style-type: none"> ▪ Good for discussion of ideas or problems and making arrangements ▪ It is immediate, providing the communicators are available to speak 	<ul style="list-style-type: none"> ▪ No record of the discussion ▪ Can be difficult with long waiting times to get through to a call centre
Meeting People come together to have a discussion, either in person or through video-conferencing	<ul style="list-style-type: none"> ▪ It is a good way to exchange ideas and to check understanding ▪ Minutes provide a record of the meeting 	<ul style="list-style-type: none"> ▪ Can be expensive to get people together ▪ If it is a formal meeting, it can take time to arrange
Presentation A speaker explains something, often using projected slides or real objects	<ul style="list-style-type: none"> ▪ The speaker has time to prepare in advance what they wish to say and then to explain clearly 	<ul style="list-style-type: none"> ▪ There may be a lot of listeners and it may be difficult to check they all understand ▪ Presentations take time to arrange and can be expensive

	<ul style="list-style-type: none"> It is often possible to ask questions to help understanding 	
Non-verbal/written		
<p>Letter A written document that is usually sent through the post</p>	<ul style="list-style-type: none"> Provides a record of the communication The sender can take time to make sure ideas are clearly expressed while the reader can read the message more than once 	<ul style="list-style-type: none"> It takes time for letters sent in the post to be delivered If the meaning of the message is unclear, it is difficult for the receiver to check
<p>Email An electronic message that can be sent to an individual, a group or many people</p>	<ul style="list-style-type: none"> A very fast method of communicating Good for short messages although attachments are a way of adding more information 	<ul style="list-style-type: none"> A person may not check their emails regularly Bulk emails are often ignored and deleted or lost in spam
<p>Text A written message sent from one phone to another. Texts can be to individuals, groups or to many people</p>	<ul style="list-style-type: none"> A very fast method of communicating that can include a lot of people The receiver can save the text to remember details in the message, for example, of an appointment 	<ul style="list-style-type: none"> Only limited information can be given Not good for discussing ideas
<p>Social media A message sent through sites such as Facebook and Twitter</p>	<ul style="list-style-type: none"> The message can be sent to selected groups or in bulk to large numbers cheaply Sometimes pictures can be added to the message 	<ul style="list-style-type: none"> Somebody in the business needs to manage the communications, for example, responses from receivers It is not always easy to judge how successful the message has been
<p>Website Businesses can post information on their website or let customers order from it</p>	<ul style="list-style-type: none"> It saves money because information does not need to be printed and posted Customers can order online so the business may not need to have a shop or office accessible to customers 	<ul style="list-style-type: none"> Customers cannot ask for information easily Customers cannot view the goods

Importance of business communications

Good **communication** and feedback is very important in business. **Communication** can be **internal** or **external**. The figure below shows some examples of the type of **communication** used in different business divisions.



In the table below, match the kind of business activity with the example of communication.

Kind of business activity
Marketing
Finance
Human resources
Government and trade

Example of communication
A computer-controlled robot is programmed to paint cars on the assembly line
A sales representative visits a possible customer
Information about new health and safety regulations is posted on a website
A business sends out a bill to a customer for money that is owed

Operations

An employee is given a telling off for repeatedly being late to work

Influence of digital communication on business activity

Email, social media, websites, mobile phones and messaging sites such as What's App and Twitter enable the **digital communication** of voice messages, video, images and text messages. The use of **digital communications** has changed the way many companies operate across all their business functions.

The diagram below gives examples of the ways in which business functions have changed as a result of **digital communication**.

Marketing

- Businesses can sell online which means they do not need to run expensive shops or they have fewer shops or offices
- Businesses have changed their marketing, with more emphasis now on promoting via websites and social media
- Competition has increased as it is cheaper for a business to sell online and easier for consumers to shop around
- New business opportunities have developed such as new online TV stations and delivery services

Human resources

- Working while mobile has become easier and is now more widely used
- Recruitment and other websites have made it easier for businesses to recruit workers
- Digital communications have increased the productivity of workers, for example, they can do more tasks and do them more quickly using computers, reducing business costs

Operations

- Production has become highly automated with the use of computer-controlled robots. Fewer workers are needed in manufacturing, reducing costs

Using the words below, fill in the gaps to complete the paragraph

Digital communication is about sending and receiving information _____. It has transformed business activity. There is now greater _____ and trade has become more _____. The _____ of workers has been increased and production _____ have fallen as a result. All the functional departments of a business have been affected. Finance departments can store and process _____ information more quickly. Marketing departments use websites and _____ to reach potentially huge markets. Production is now _____ as what is being produced can be changed much more quickly. Human resource departments have seen more staff working while _____ or working from _____. Many workers have benefited from the changes to business activity but some have lost their _____ or had to undergo _____.

jobs

mobile

leaner

costs

accounting

home

electronically

global

social media

productivity

retraining

competition

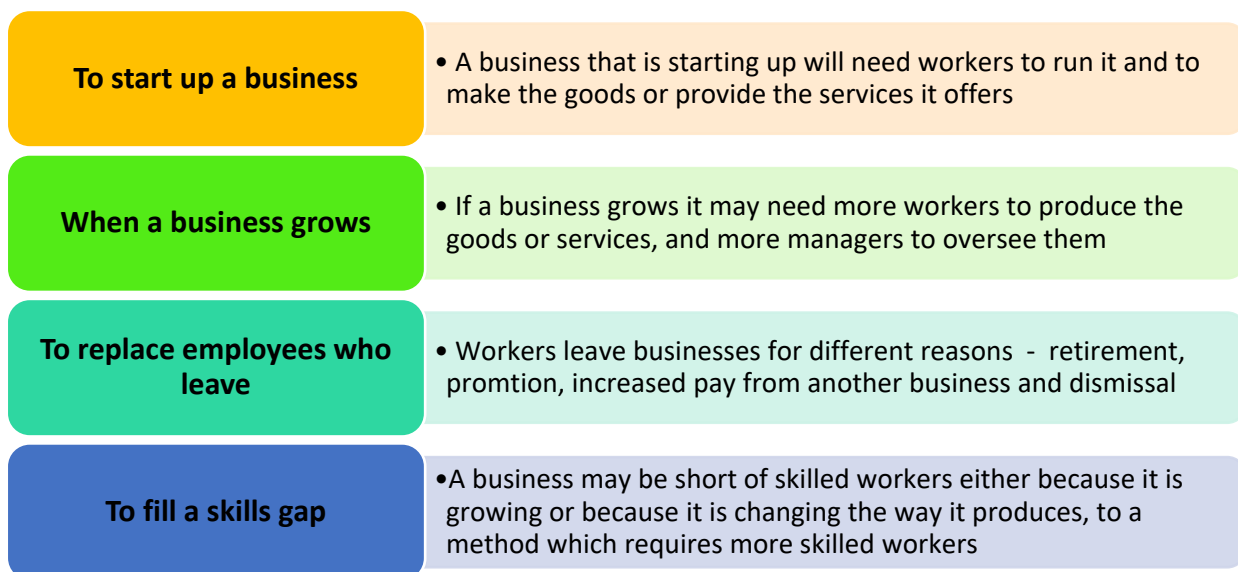
3.4 Recruitment and Selection

Specification content	What you should know
Why businesses recruit	✓ Replace employees who leave, business growth, skills gap
The use of different recruitment methods to meet different business needs	✓ Internal methods, external methods, job description and person specification
Methods of selection	✓ CV, application form, letter of application, interviews, tests, group activities, references

Why businesses recruit

Recruitment refers to the process of finding people to work in a new or established business. Businesses analyse their human resource needs when they start up and, usually at regular intervals once the business is established. The analysis will tell them if they need to **recruit new workers** to fill a skills gap and will identify the type of workers needed as well as how many, when and for how long.

The diagram below shows the main reasons why businesses need to **recruit workers**.



Using the words below, fill in the gaps to complete the paragraph

Recruitment and _____ are very important to businesses. The _____ in a business make it successful or not. Recruiting new staff is _____. If good staff are not recruited by firms, money spent on the recruitment process is _____. Also, the productivity of workers may fall, which may raise the _____ of the firm. For this reason, using correct recruitment and selection _____ is important. _____ are one way of finding out about people by they can give the wrong impression. Many firms now plan their recruitment and selection very carefully - employing good workers can be the difference between _____ and failure for a business.

expensive

wasted

interviews

selection

workers

costs

success

methods

Can you put the **recruitment process** in the correct order?

Advertise the vacancy

Appoint

Identify a vacancy

Interview

Prepare a job description

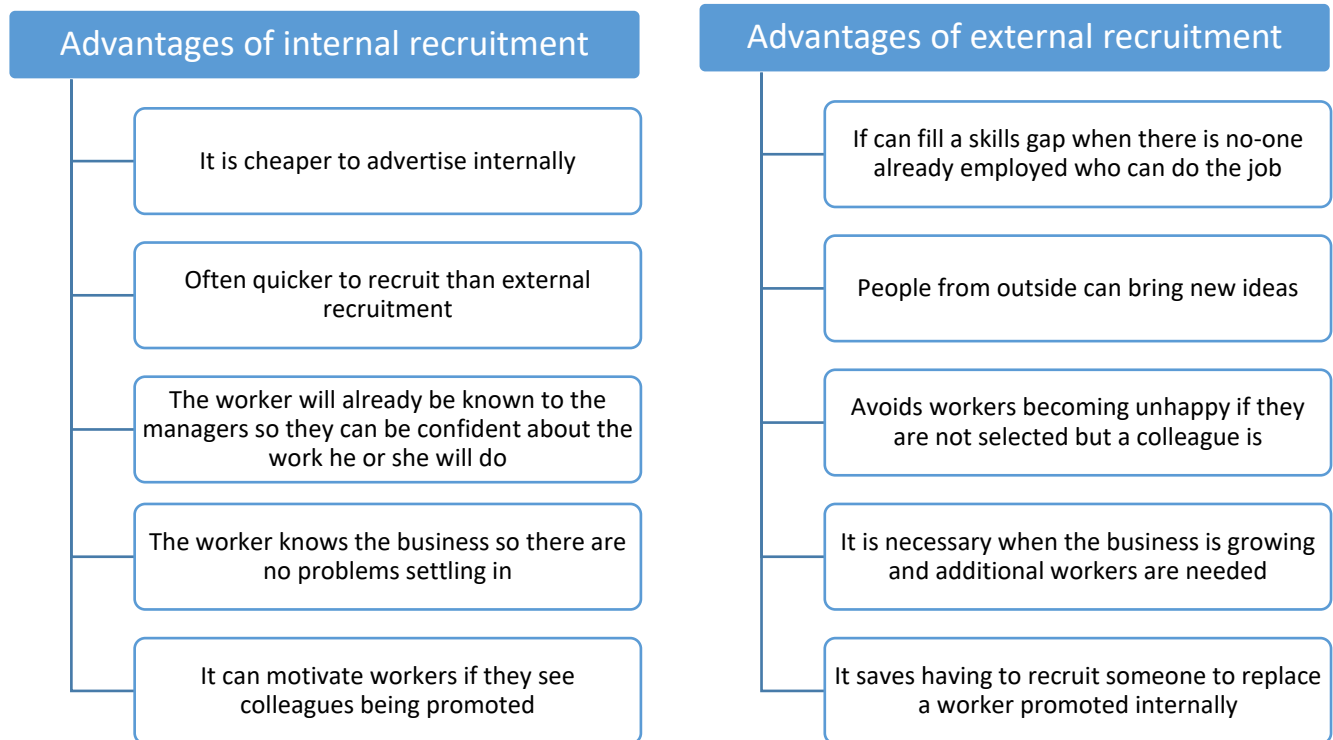
Prepare a person specification

Selection

Use of different recruitment methods to meet different needs

Two documents are very important in recruitment - the **job description** and the **person specification**. The information given in these documents makes it more likely that only workers able to do the job will apply, saving time for the business and the applicants.

Businesses must choose whether to use **internal recruitment** or **external recruitment** when looking for a new worker. Both methods have their advantages and these are shown in the table below.



The table below describes the media which a business can use to recruit workers. It states whether the media is suitable for **internal** and/or **external recruitment** and some gives key points to remember about each type.

Media	Internal or external	Key points
Website	Both	The firm's own website or a special site advertising jobs
Social media	Both	This is now widely used as many potential applicants use social media
Local newspapers	External	Appropriate when the job is likely to appeal only to people who live near the business
National newspapers	External	Good for recruiting workers from a very wide geographical area, but advertising in them is expensive
Specialist magazines	External	Good for recruiting workers such as engineers, doctors and HR specialists who read journals and magazines relevant to their particular job expertise

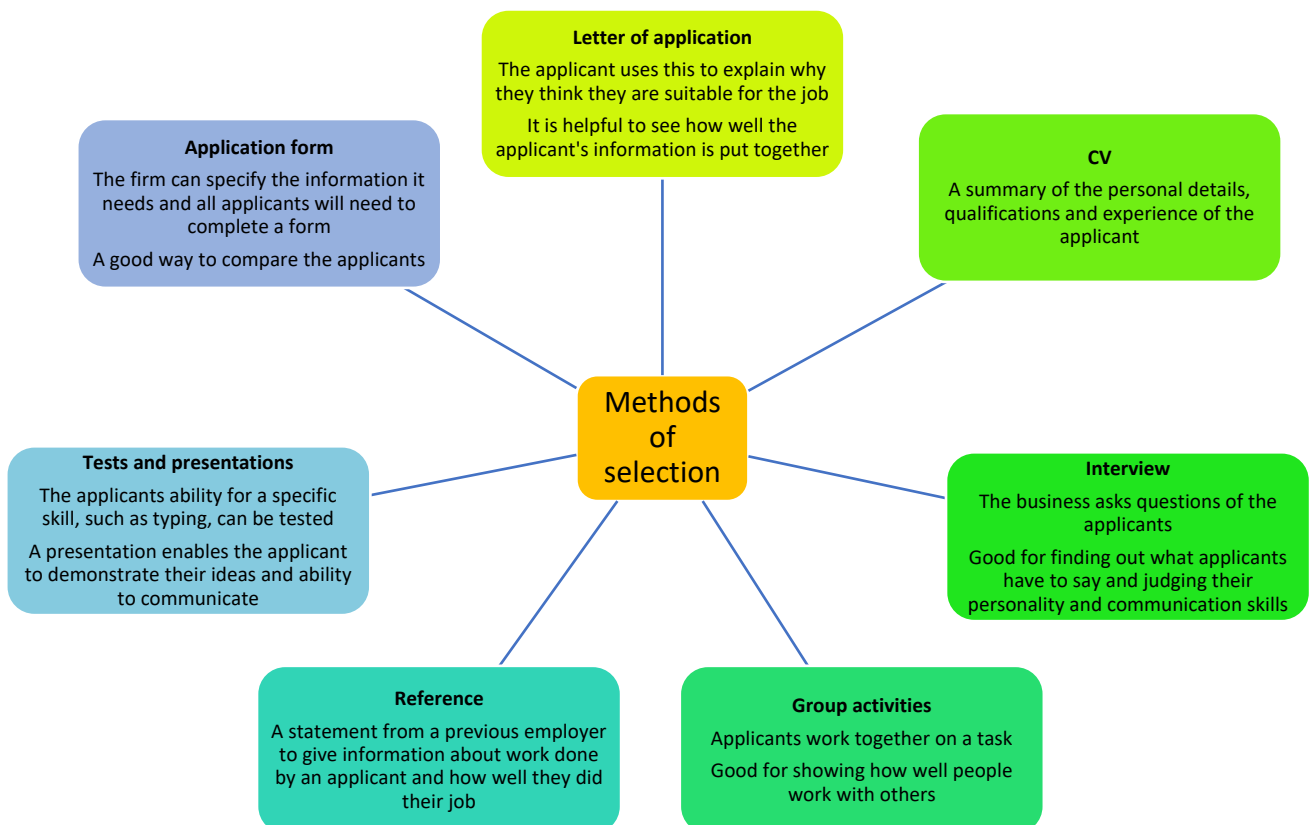
Job centre	External	These are run by the government and give workers the opportunity to use computers and find out about a wide range of jobs
Word of mouth	Both	Existing employees tell friends and others about jobs, which saves the business money
Email	Internal	The business can send an advertisement to workers they know may be interested in the job
Noticeboard or company magazine	Internal	This is cheap and will be seen by workers likely to be interested in the job

Job advertisements need to include enough detail to attract the right kind of person to apply, for example, contact information (business address and phone number/email address), details about the job (some information from the job description), details about the person needed (some information from the person specification), pay and conditions.

Methods of selection

Businesses need to obtain information about the people who apply for a job. They use this information to decide which of the applicants will be best able to do the job.

The diagram below gives the main points about each of the **methods of selection** a business can use.



3.5 Motivation and Retention

Specification content	What you should know
Financial methods of motivation	✓ Pay, bonuses, profit sharing, fringe benefits
Non-financial methods of motivation	✓ Praise, award schemes, working environment
The importance of employee motivation	✓ Improved employee performance, helps employee retention
The importance of employee retention	✓ Already familiar with business and customers, saves time and expense of recruitment

Financial methods of motivation

Workers who feel safe at work, who feel that their contribution to the organisation is valued and that their talents are recognised, are likely to feel **motivated**. Successful organisations ensure they **motivate** their workers.

Financial methods of motivation all involve some kind of payment, either in money or in kind, to encourage workers to work longer or more efficiently. The diagram below summarises the four main **financial methods of motivation**.

Pay

A wage is usually paid weekly and is based on the number of hours worked. An extra amount per hour can be paid for overtime or unsociable hours. It motivates workers because they earn more money the more they work.

A problem is that a wage does not reward workers for how well they work, only how long.

A salary is an annual sum divided into 12 monthly payments. A salary is often paid to professional workers such as teachers, accountants, HR managers.

It motivates workers as they receive a regular income.

Bonus

A payment that a worker receives in addition to their pay, usually for meeting a production or sales target. A bonus is often paid to individuals or teams whose output can be measured.

It motivates workers because the more they produce or sell, the more they earn. It improves their productivity.

Targets need to be fair and realistic or the worker will not feel motivated.

Profit sharing

Workers are paid a part of the profits of the business.

A profit share may be paid to workers whose individual output cannot be measured.

It motivates them because they know if they work efficiently, the business will make more profit and it will increase their income.

A drawback is that it reduces the profits of shareholders.

Fringe benefits

These are benefits in kind given to workers on top of their pay, such as free health insurance.

They motivate workers because they provide them with an attractive package of pay and benefits. They can be good for motivating workers not to leave the business.

Fringe benefits are a cost to a business so may reduce profits.

Non-financial methods of motivation

Non-financial methods of motivation are ways of encouraging workers to work longer or more efficiently but which do not involve paying them extra money for example, by praise, an award scheme or providing a good working environment.

The table below explains how each **non-financial method of motivation** works.

Method	Praise	Award schemes	Working environment
Description	Workers are thanked and praised for the (good) work that they have done either in private or in front of other workers	Workers are presented with rewards for their work these might include vouchers for days out, holidays or simply certificates of achievement	Improving the workplace so that it is a pleasant place to work. It can also involve listening to people and giving them a say in the business or sending them on team building activities
How it motivates	It makes the worker feel appreciated and valued. Those not praised may feel that they need to do better to earn praise	Makes workers feel valued and will encourage them and others to continue to increase their efforts	Makes workers feel well looked after and that their opinions are valued
Advantage	It does not cost the business anything and it helps to create a positive climate	The cost of these rewards vary but not all are expensive to give	If workers feel valued they will respect the business and their colleagues, creating a positive attitude to work
Disadvantage	Sometimes if there is no financial reward for good work over a long period, workers may feel that they are not truly valued	There is some cost to them. They need to be given fairly or workers who do not receive an award may be upset	There is a cost to some of this, for example, improving the furniture or facilities in a building or paying for activities

Suitable for	All workers as everyone likes to feel appreciated	All workers as everyone likes to feel appreciated	Most workers, except for those who work in conditions where improvements to comfort are difficult, such as those working on a North Sea oil rig or in a mine
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Importance of employee motivation and importance of employee retention

Motivated workers will reduce costs and increase sales through improved employee performance. The table below explains why **motivated workers** help businesses to compete, survive and grow.

Benefit	Explanation
Higher worker productivity	Workers will produce more goods or improved services in the time they work. This will reduce the costs of production and the prices the business charges can be reduced so that sales and profits rise
Reduced levels of worker supervision	Workers will want to do their job well. This may reduce business costs as fewer supervisors need to be employed
Low worker absenteeism	Workers will be happy about coming into work and less likely to take a day off if they are only slightly unwell
Improved quality	Workers will take pride in doing their work well and will produce quality goods and services, knowing that this will satisfy consumers and give the business a good name. There will be less waste which helps to reduce costs

A high **employee retention** means workers stay with a business for a long period of time. A low **employee retention** rate means that workers do not stay long and there is a **high labour turnover**.

Workers will be happy to stay with business if they feel they are being treated fairly. For example, they will feel that their pay is what they deserve, that they are respected by their managers and that there are opportunities in the business for them to develop their skills and make progress in their careers.

Benefits of workers staying a long period of time:

- The business will need to recruit workers less often, saving time and recruitment costs
- Training costs will be lower because the business will not need to train as many new workers. Workers will already be familiar with the business and its customers, so will need less training
- When the firm does want to recruit new workers, it will be easier for them to do so because it will have a good reputation for treating its workers well

However, not all businesses want to **retain** their workers for a long period of time. Sometimes workers may only be needed for a particular length of time, for example, a hotel may require more workers during the summer tourist season and shops may take on extra staff for the Christmas period.

For each of the statements below, identify whether they are true or false.

Statement	True	False
If a worker improves productivity, they will produce more than they used to in the same amount of time		
If workers in a car factory improve their productivity, the cost of producing each car will fall		
Motivated workers will always want to leave the business to work elsewhere		
training costs will usually fall if staff turnover is high		
Increased motivation reduces costs because workers are less likely to be absent		
Motivated workers need a lot of supervision to make sure they work hard		
Increased motivation saves on training costs because workers are likely to remain working for the firm for longer and fewer new recruits are needed		
Motivated workers may help to reduce business costs because they will take price in working accurately, so reducing waste		
Motivation systems can be expensive as managers need to be paid to run them		
Financial methods of motivation increase total business costs		
Motivating workers always reduces the average costs of producing goods and services		

3.6 Training and Development

Specification content	What you should know
Different training methods	✓ Induction, on-the-job, off-the-job
Why businesses train their workers	✓ Development of the business, improve productivity, skill shortages, customers service, motivation and retention
Staff development	✓ Vocational and academic qualification, apprenticeships
The benefits to employees and businesses of staff development	✓ Planning staffing needs for the future, maintaining quality, productivity and competitiveness, motivation for staff and increased skill levels for staff

Different training methods

Training involves developing a worker's specific skills, for example, by teaching them to operate the company computer system, deal with customers or work safely. Induction training occurs when a worker first joins a company. **Training** is divided into **on-the-job** and **off-the-job**.

On-the-job training usually involves a trainee working with a more experienced worker who shows the trainee what to do and then gives them feedback to improve their skills as they do their work. Somebody learning to ice a cake might learn in this way.

The table below describes the advantages and disadvantages of **on-the-job training**.

Advantages of on-the-job training	Disadvantages of on-the-job training
<ul style="list-style-type: none"> ▪ It is specific to the individual and the business ▪ It saves on the cost of travel to a course ▪ The worker produces something as he or she trains ▪ The business can teach the person exactly how they want the job done 	<ul style="list-style-type: none"> ▪ The work done as the learner starts to train may not be of a good enough quality ▪ The trainer may be good at their job but not at training others how to do it ▪ The worker may learn only how to do the work in the way the business does it ▪ The worker may not obtain a qualification as a result of the training ▪ It is not easy to train a group of trainees

Off-the-job training is when the worker is away from his or her work. The diagram below shows the different types of **off-the-job training**.



Advantages of off-the-job training	Disadvantages of off-the-job training
<ul style="list-style-type: none"> ▪ Training is often given by experts so higher quality ▪ The trainee may be motivated by a day away from work ▪ A worker can feel valued because the business is paying for the training ▪ Some types of training i.e. safety, are better carried out by experts 	<ul style="list-style-type: none"> ▪ It can be expensive - the employer will have to pay for travel costs and the training fees ▪ The business loses output while the worker is away from work ▪ Improving a worker's skills may make it possible for them to get work in another business

Why businesses train their workers

Reasons why businesses **train** its workers include:

- Introduces new recruits to the business and their work (induction training)
- Gives workers technical skills such as how to use a fork-lift truck
- Develops workers' personal skills such as leadership, communication and organisation
- Inform workers of health and safety procedures
- Inform workers about employment law or rules such as discrimination in the workplace
- Teach workers to manage others
- Teach workers to function together as a group
- Tell workers about the features of new products that they will be selling
- Train workers to be flexible so that they can do different types of jobs as needed
- Teach workers new skills of their existing skills are no longer needed

The benefits to a business of **training** is workers are contained in the diagram below.



Staff Development

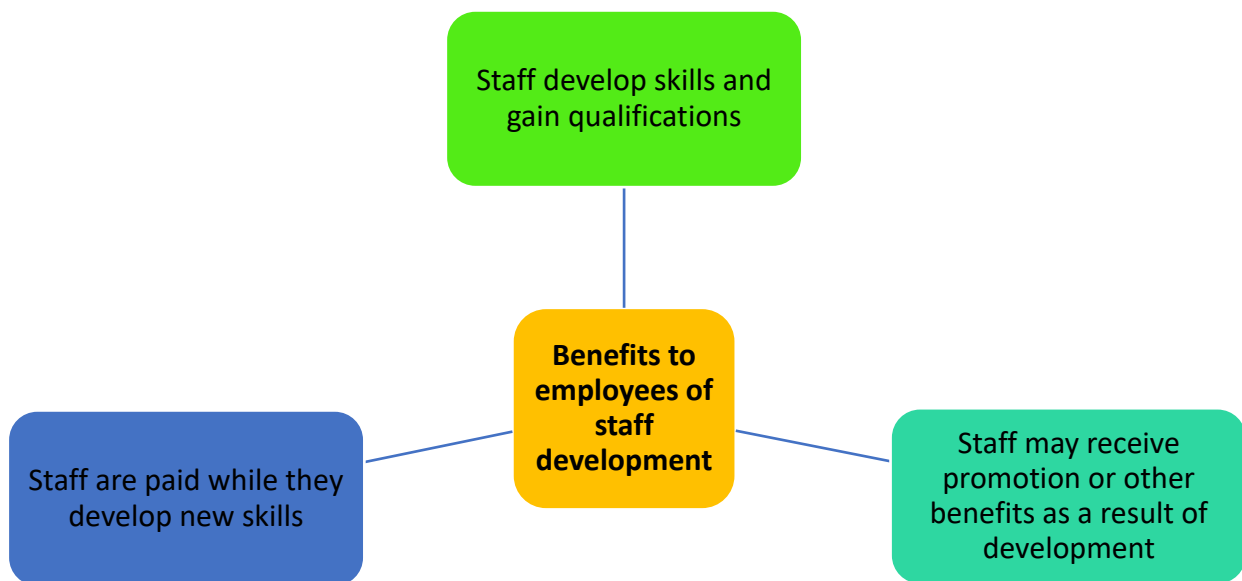
Staff development involves learning over a long period of time. Workers may learn through an external course, with learning being reinforced by practical activity in the workplace. The aim is to realise the long-term potential of the employee. Workers can gain vocational qualifications or academic qualifications.

Two types of **staff development** are compared in the table below.

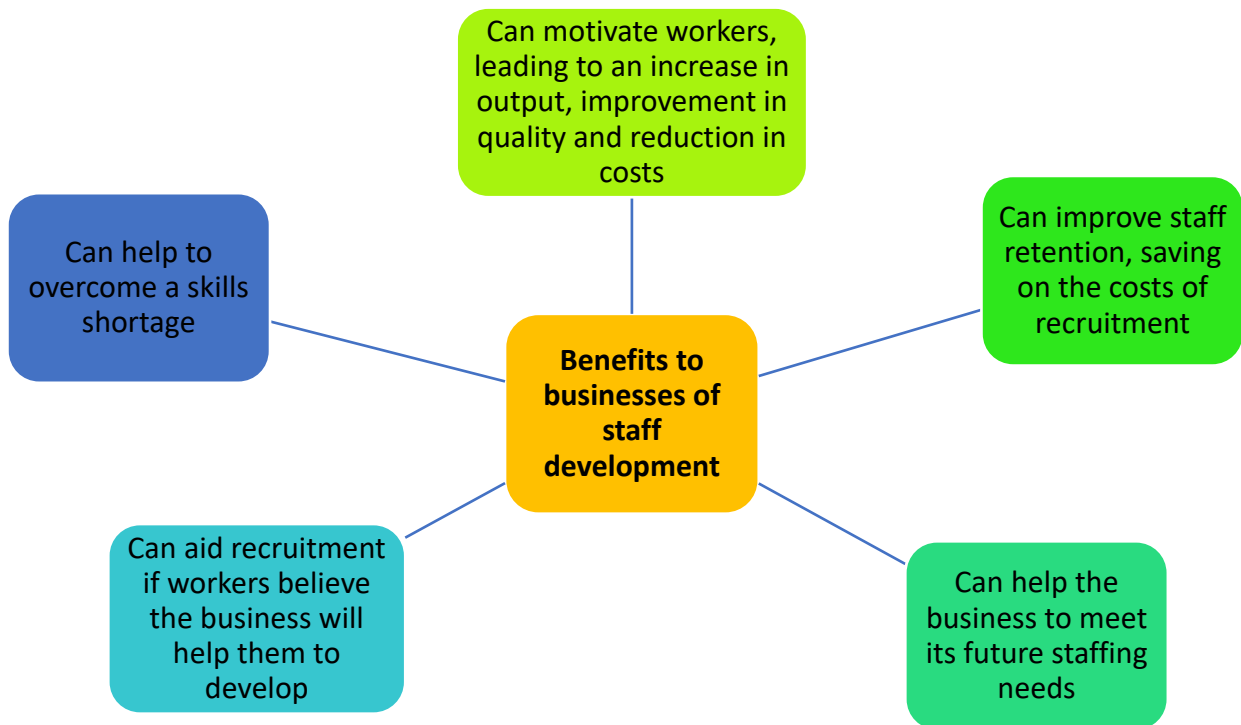
Apprenticeship	Professional development programme
A long term learning programme - often over two, three or four years	A long-term programme - often two years or more
Usually leads to a specific National Vocational Qualification, for example, Level 2 qualification in childcare or a Level 3 qualification in plumbing	May lead to a professional qualification such as a Chartered Surveyor or a member of the Association of Dental Anaesthetists. It may lead to general academic qualifications such as a degree
It develops skills and knowledge relevant to a specific job, i.e. veterinary nursing	It contributes to a person's general education as well as enabling them to develop a set of skills and body of knowledge related to a specific vocation, such as medicine, business management or accountancy
Available at two main levels - intermediate (for people with GCSEs) and advanced (people with GCSEs and A-Levels). Some apprenticeships go to degree level work and beyond	Professional development applies at all levels from junior to senior workers
The development programme is usually completed partly in the work place and partly in a college	Professional development programmes often include a high academic content completed at college or online, but there will also be a practical element

Benefits to employees and businesses of staff development

The diagram below shows the benefits to employees of **staff development**.



The diagram below shows the benefits to businesses of **staff development**.



However, there may be problems for the business resulting from **staff development**:

- **Staff development** costs money, so when a business is experiencing a decrease in its profits or a financial loss, it may decide to reduce **staff development** costs as a way of increasing profits or even to stay in business
- Staff who have completed their training may find that they can get a better job elsewhere

3.7 Employment Law

Specification content	What you should know
The impact of current legislation on recruitment and employment	✓ Discrimination, employees' right to a contract, holidays, hours of work

Discrimination laws

Discrimination is illegal. The **Equality Act 2010** says a person cannot be treated differently on the grounds of their gender, race, ethnicity, disability, sexual orientation, religion or beliefs.

A business must not:

- Pay workers differently for doing the same work
- Favour certain types of people when recruiting workers, for example, advertise specifically for male workers (unless an exception in law has been made i.e. a male PE teacher)
- Discriminate when promoting or training workers or making them redundant
- Allow workers to be mistreated by other workers because of, for example, their skin colour, sexual orientation or religion

A business that does discriminate may find:

- Staff become less motivated, which may affect the performance of the business
- Workers decide to leave, so the business must recruit new workers
- It develops a poor reputation, which could reduce sales and affect recruitment
- It can be fined and made to pay compensation to employees

A business that takes action to stop discrimination may find:

- It increases costs, for example, it may have to raise the pay for women
- It may need to rewrite recruitment and training policies to prevent discrimination
- It needs to monitor what goes on in the business to prevent discrimination taking place

Contract of employment

A contract of employment makes clear what the worker is being employed to do and the pay and conditions that the business will give to the worker, including holiday entitlement. A statement of employment particulars is a written part of a contract of employment which gives details of pay, conditions and holiday entitlement. It must be given to the worker within eight weeks of starting work.

All workers are entitled to holidays each year, depending on how many hours per week they work for the business. Legally workers are entitled to a minimum of 5.6 weeks' holiday per year, including bank holidays (these are not extras!).

Holiday entitlement can be calculated as follows:

$$\text{Number of days worked per week} \times 5.6 = \text{holiday entitlement}$$

$$5 \times 5.6 = 28 \text{ days}$$

$$2 \times 5.6 = 11.2 \text{ days}$$

Normally, workers cannot be asked to work more than 48 hours per week, though there are some exceptions (i.e. police officers, people in the armed forces, seamen and servants in private households), but workers can opt out of this legal restriction if they wish to.

The working hours are governed by the 'Working Time Directive' and the 48 hours per week is an average over a 17-week period. This means that a worker can be asked to work more than 48 hours one week so long as the average over 17 weeks is not more than 48 hours.

The average number of hours worked can be calculated as follows:

$$\frac{\text{Number of hours worked}}{17} = \text{average number of hours}$$

$$\frac{799 \text{ hours worked}}{17} = 47 \text{ hours on average}$$

The effects of providing a contract of employment to all workers include:

- Increased costs because the business may need to employ additional limited number of hours each week
- Managing staff holidays to ensure there are always enough workers to do the work

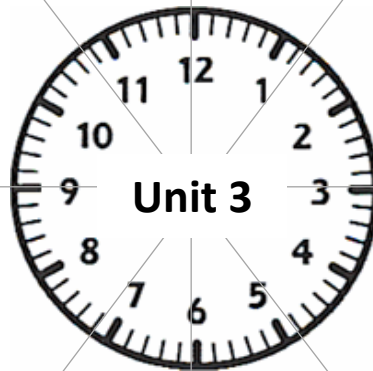
Revision Clocks

Employment law

The role of human resources

Training and development

Organisational structures



Motivation and retention

Ways of working

Recruitment and selection

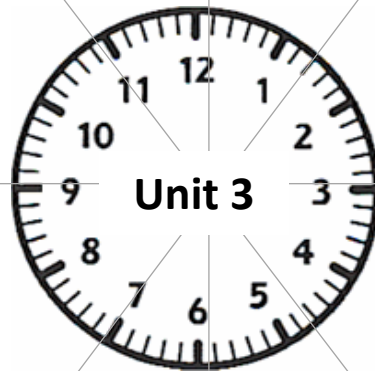
Communication in business

Employment law

The role of human resources

Training and development

Organisational structures



Motivation and retention

Ways of working

Recruitment and selection

Communication in business



1. Three is key! **READ** the passage, **READ** the questions, **REREAD** the passage to find your answer.



2. Look back and highlight or underline **evidence** from the text that proves or supports your answer.

Possible Practice Exam Questions

Answer each of the following exam style questions. Use the structures on p10 to help you.



1. Three is key! **READ** the passage, **READ** the questions, **REREAD** the passage to find your answer.



2. Look back and highlight or underline **evidence** from the text that proves or supports your answer.

Womanic Ltd

Womanic was started by Louise Baker in 2016. With a passion for cars and some business acumen, Louise came up with a brand directly aimed at the modern-day man and woman. With people's lives being so busy, Louise's idea offers a fast and hassle-free service to car maintenance - with a *feminine touch*. She has approximately 35% market share out of a total market of 67,000.

3 years later Louise is looking to open a second branch, she will need to recruit more mechanics and want to stick to her ethos of using female mechanics. She is considering putting an advert in the local paper. She plans on paying them an hourly rate of £9.50 and will expect them to work 36 hours per week. They also have the opportunity to earn 10% commission on the cleaning and valeting products they sell.

Louise also likes to encourage flexible working so that the employee's lives can fit around the work. She also encourages personal development and is prepared to offer an apprenticeship if that helps find the right person.

1. Identify one financial and one non-financial method of motivation Louise could use. [2]

2. Explain one reason why a business may need to recruit staff. [2]

3. Calculate how much the new mechanic would earn in a week if they also managed to sell £550 of car cleaning products [3]

Answer £ _____

4. Analyse one advantage to Womanic of using an apprenticeship to develop staff. [3]

5. Calculate how many customers Womanic will service with their 35% market share. [2]

Answer _____

6. Analyse one advantage of using an interview as a method of selection. [3]

7. Analyse one advantage of using a test as a method of selection. [3]

8. Recommend whether Louise should use a test or an interview when selecting the new mechanic.

[3]

Self-Review of Unit 3: People

I have completed the following tasks (✓):

- Personalised Learning Checklist
- Glossary of key terms
- Read the exam 'top tips'
- Learnt the exam structures
- Read the topic information and completed all tasks
- Completed at least two revision clocks
- Answered **all** of the possible exam questions using the exam structures

The topics I understand well are.....

The topics I need to improve on are.....

My targets to help me improve in this unit are.....

1.

2.

Additional Support

If you need any further support please speak to your teacher!

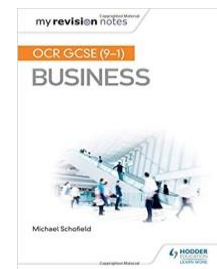
Course textbook: OCR GCSE (9-1) Business

https://www.amazon.co.uk/OCR-GCSE-9-1-Business-Third/dp/1471899365/ref=sr_1_2?crid=3CWFI3AR0SAZ9&keywords=ocr+gcse+business+studies+9-1&qid=1556985885&s=gateway&sprefix=ocr+gcse+business%2Caps%2C185&sr=8-2



Revision guide: My Revision Notes OCR GCSE (9-1)

https://www.amazon.co.uk/My-Revision-Notes-GCSE-Business/dp/1510423699/ref=sr_1_1?crid=3CWFI3AR0SAZ9&keywords=ocr+gcse+business+studies+9-1&qid=1556986123&s=gateway&sprefix=ocr+gcse+business%2Caps%2C185&sr=8-1



You could also try the following websites:

<http://www.bbc.co.uk/education/subjects/zpsvr82>

<http://www.businessed.co.uk/index.php/home/activities/gcse-activities/gcse-activities-topic>

<https://www.gcsepod.com>

