

IB BUSINESS MANAGEMENT 50 WORKSHEETS PACK, 2ND EDITION

UNIT 2: HUMAN RESOURCES MANAGEMENT

Edward Creighton



Introduction

This resource pack contains 50 practical worksheets along with marking schemes, covering all aspects of the human resource management module in the IB DP Business Management course (first exams 2024). The worksheets are arranged in the order of IB syllabus but can be used as per the requirements of your class (SL and HL). The worksheets can be integrated as part of your schemes or units of work, and can be used as starters or plenaries, revision exercises, assessments, or for covering lessons during periods of teacher absence.

The 2nd edition worksheets pack includes a range of exercises to challenge and support students, including:

- Defining key terms
- Data response
- Drawing diagrams
- Making decisions
- Exam skills and techniques.

The worksheets are arranged in syllabus order, but they are all stand-alone activities so could be used in any order at any appropriate time. They are all with an answer sheet provided for you or the students as needed.

The varied tasks in this resource pack cater for the needs of different students and make learning fun as well. The tasks are created in line with the assessment objectives and include various questions based on common mistakes made during the examination. This allows students to prepare well for the final examination. All worksheets are one-page, printable and photocopiable for use within your institution. Answers are also included, providing convenience for teachers. The answers are by no means definitive but should help you review the worksheets with your students.

Author biography



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IB DP Business Management

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Euroair

Euroair is a low-cost airline company and is well-known for sticking to its flight schedules. Many business travellers choose Euroair more for its punctuality than its low prices. So, recent reports that Euroair has started cancelling flights at short notice because of poor human resource planning has been concerning for customers. Euroair's share price fell by 5% in the past week. The problems began when Euroair's on-time record fell, owing to a pilot shortage. Over 25,000 passengers had flights cancelled which affected business meetings and holidays. Problems arose because Euroair pilots are not allowed to take holidays during the summer months, which meant many are taking holidays at the end of the year instead. Industry analysts point out that increased demand for air travel has seen rival airlines increase the salaries of their pilots, a move that Euroair has not followed. As a result, an estimated 75 pilots out of a total of 3,200 have left Euroair. This has already placed a great strain on Euroair's ability to maintain existing flight schedules. The airline is considering whether to increase the number of flight attendants on board each of its flights.

(a) Define the term *human resource planning*. [2 marks]

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(b) Describe **two** human resource planning issues at Euroair. [4 marks]

Issue 1

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Issue 2

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(c) Explain **three** aspects of workforce planning other than those mentioned in the case study. [6 marks]

Feature 1

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Feature 2

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Feature 3

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(d) Suggest how the following might affect human resource planning at Euroair. [4 marks]

(i) Hiring less experienced pilots at Euroair.

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(ii) Requiring one flight attendant to be on board for every 40 passengers (the current requirement is one flight attendant for every 50 passengers).

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Worksheet 1

2.1 Human Resource Planning – Euroair

Answers

Euroair is a low-cost airline company and is well-known for sticking to its flight schedules. Many business travellers choose Euroair more for its punctuality than its low prices. So, recent reports that Euroair has started cancelling flights at short notice because of poor human resource planning has been concerning for customers. Euroair's share price fell by 5% in the past week. The problems began when Euroair's on-time record fell, owing to a pilot shortage. Over 25,000 passengers had flights cancelled which affected business meetings and holidays. Problems arose because Euroair pilots are not allowed to take holidays during the summer months, which meant many are taking holidays at the end of the year instead. Industry analysts point out that increased demand for air travel has seen rival airlines increase the salaries of their pilots, a move that Euroair has not followed. As a result, an estimated 75 pilots out of a total of 3,200 have left Euroair. This has already placed a great strain on Euroair's ability to maintain existing flight schedules. The airline is considering whether to increase the number of flight attendants on board each of its flights.

(a) Define the term *human resource planning*. [2 marks]

Human resource planning involves identifying current and future needs of the workforce at Euroair and identifying the most appropriate and cost-effective methods to recruit, train, motivate, and retain these people.

Top Tip: Definitions should be precise. If a brief explanation is provided, it helps if this relates clearly to the case study.

(b) Describe **two** human resource planning issues at Euroair. [4 marks]

- Issue 1 – Euroair failed to anticipate many of its pilots would want to take holidays at the same time during the summer months and to arrange suitable cover for them. Dealing with staffing shortages is an important aspect of HR planning.
- Issue 2 – Salaries have been increasing at other airlines and as a result Euroair has become less competitive as an employer (which is why the firm is losing pilots). Euroair may have had problems recruiting replacement pilots because salaries are not keeping up with the rest of the industry.

(c) Explain **three** aspects of workforce planning other than those mentioned in the case study. [6 marks]

- Pilots account for only a relatively small fraction of Euroair's workforce, e.g., the airline needs to ensure there are enough flight attendants for each flight, for safety reasons and to meet the needs of their travelling customers.
- As Euroair flies to many countries, the airline needs to make sure it hires people who can speak a variety of languages. A flight from Germany to Greece should ideally have flight attendants who can speak both languages, for example.
- Health and safety training must be provided to all flight attendants in case a passenger gets sick on a flight, for example, or there is an emergency situation.
- Euroair must ensure it complies with employment laws. Its human resource planning must not break anti-discrimination laws, e.g., it must not exclude people from working for the airline based on age, gender, ethnicity, or religious beliefs.

(d) Suggest how the following might affect human resource planning at Euroair. [4 marks]

(i) Hiring less experienced pilots at Euroair.

- Newly qualified and less experienced pilots are relatively cheaper to employ than experienced pilots. As a budget airline, this can be an important factor for Euroair as it must control its costs.
- Hiring less experienced pilots can raise some concerns for customers and shareholders, such as matters related to health and safety, especially in emergency situations.

(ii) Requiring one flight attendant to be on board for every 40 passengers (the current requirement is one flight attendant for every 50 passengers).

- Euroair will need to hire more flight attendants, so there needs to be more time and money spent on recruitment and training.
- Hiring more flight attendants may cause prices to increase due to the subsequent rise in the airline's costs. However, this is particularly challenging for budget airlines such as Euroair.

Castle Rock International School (CRIS)

There are 1,000 teachers who work at the 11 different kindergarten, primary, and secondary schools operating as Castle Rock International School (CRIS). The group was established 20 years ago in a small country in Asia. The schools have an excellent reputation. Over 60% of children who attend CRIS have parents who work for multinational corporations. The retirement age in the country is 65. Teachers are given two-year contracts, which are renewal by mutual consent.

The number of international schools worldwide has risen and is expected to keep growing especially in other Asian countries. This means demand for highly qualified teachers will increase as will the remuneration packages offered to them. The international school year in the Northern Hemisphere generally runs from August to July. Traditionally, CRIS has asked teachers if they intend to stay within the family of schools in February, at which point the human resources department prepares a workforce plan for the following academic year. New teachers are recruited by early May as job adverts need to be placed on the schools' websites, applications received, interviews arranged in London, jobs offered, and then for contracts to be signed and exchanged. However, over the past few years, CRIS has had problems hiring teachers and there is a fear that poorer quality teachers are being recruited. The number of complaints about new teachers to senior administrators has increased.

(a) Explain why CRIS would prepare a workforce plan. [2 marks]

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(b) Explain **three** factors which may affect human resource planning at CRIS. [6 marks]

Factor 1

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Factor 2

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Factor 3

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(c) Suggest **two** methods that could solve the human resource issues at CRIS. [4 marks]

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Worksheet 2

2.1 Human Resource Planning – Castle Rock International School (CRIS)

Answers

There are 1,000 teachers who work at the 11 different kindergarten, primary, and secondary schools operating as Castle Rock International School (CRIS). The group was established 20 years ago in a small country in Asia. The schools have an excellent reputation. Over 60% of children who attend CRIS have parents who work for multinational corporations. The retirement age in the country is 65. Teachers are given two-year contracts, which are renewed by mutual consent.

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(a) Explain why CRIS would prepare a workforce plan. [2 marks]

A workforce plan helps CRIS estimate its future HR needs and may include the number of teachers/workers required. It may also include consideration of pay/remuneration packages, and any professional training to be offered.

(b) Explain **three** factors which may affect human resource planning at CRIS. [6 marks]

- Staff turnover rate, i.e., how many teachers/workers are planning to leave CRIS – If 100 teachers plan to leave, for example, then CRIS needs to prepare job adverts, arrange hundreds of interviews to be conducted in London, and then send contracts to those who have been offered jobs.
- Time – The recruitment process takes approximately 3 months, and as teachers need to be replaced this means a lot of administrative work in a short time period. Therefore, CRIS needs to have clear systems in place, as stipulated in its workforce plan. Work visas and induction training for all new incoming teachers will also need to be planned and executed.
- Cost – The recruitment process incurs significant costs. For example, interviews are conducted in London, so principals from the 11 schools may need to be flown into the city, accommodation and meals paid for, and a conference room rented to conduct the interviews. Sending so many teaching contracts overseas by courier will also be expensive.

Top Tip: For this question, 1 mark is awarded for identifying each relevant factor, and another 1 mark for the explanation, linked to the case study materials.

(c) Suggest **two** methods that could solve the human resource issues at CRIS. [4 marks]

- CRIS could start the recruitment process even earlier, asking teachers to give an answer regarding whether they are staying or leaving (renewing their two-year contracts) when they return after the New Year holidays, which may mean recruitment is completed a month earlier or they have an extra month to complete the process.
- Only using the school's website for advertising will limit the number of people who can apply for the jobs, so CRIS should consider additional channels to place their adverts, such as with specialist teacher recruitment agencies, dedicated websites, and/or newspapers as this will increase the quantity and possibly quality of possible candidates.
- Instead of interviews taking place in London for all jobs, perhaps some of these could be conducted online, such as using Skype or Zoom interviews as this will quicken the recruitment process.
- Teachers who are going to extend for another two-year contract could be asked to sign a 3-year contract to reduce the number of job vacancies that come up every two years. In addition, CRIS could consider a small retention bonus as an incentive to encourage this.

Top Tip: Each of the explanations above solves a problem/issue identified in the case study. Make sure you use the stimulus materials in the case study!

Worksheet 3
2.1 The Gig Economy

The Gig Economy

Three years ago, a new government was formed in Derry, a small country in Asia, which promised to make life easier for businesses and to encourage entrepreneurship. There were only two taxi companies in Derry's capital city operating 1,500 taxis. One of the first government reforms introduced was to deregulate the taxi industry. Today, anyone with a clean driving license can apply to the government to be a taxi driver. The number of taxis in Derry has since risen to 5,000.

Abby used to work for one of the two taxi companies. Abby took out a bank loan to purchase a new car that could be used as a taxi as a self-employed driver in the **gig economy**. Previously, Abby was guaranteed a minimum salary plus a small commission, based on how much revenue she generated each day. She worked 37 hours per week on a schedule dictated by her employer. Many other perks of working for the taxi company have since disappeared. However, she has noticed that earnings can increase if she works during peak hours.

Abby is one of many taxi drivers who is registered with Fido, a ride hailing app. When customers use Fido, they may want to go from point A to B in Derry and if the technology recognizes Abby is available and close to the customer, she gets the fare (minus 30% commission paid to Fido). Abby is concerned that becoming self-employed has not been to her benefit thus far. Although the two original taxi companies still exist, the conditions of employment offered to taxi drivers now resemble those of workers in the gig economy. The government has extended its deregulation policies to other areas of life in Derry, with 10,000 motorbike delivery drivers now in the capital city.

(a) Define the term **gig economy**. [2 marks]

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(b) Outline how consumers might benefit from the gig economy. [2 marks]

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(c) Explain **two** advantages and **two** disadvantages to Abby of being in the gig economy. [8 marks]

Advantage 1.....

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Advantage 2

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Disadvantage 1

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Disadvantage 2

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Answers

The Gig Economy

Three years ago, a new government was formed in Derry, a small country in Asia, which promised to make life easier for businesses and to encourage entrepreneurship. There were only two taxi companies in Derry's capital city operating 1,500 taxis. One of the first government reforms introduced was to deregulate the taxi industry. Today, anyone with a clean driving license can apply to the government to be a taxi driver. The number of taxis in Derry has since risen to 5,000.

Abby used to work for one of the two taxi companies. Abby took out a bank loan to purchase a new car that could be used as a taxi as a self-employed driver in the **gig economy**. Previously, Abby was guaranteed a minimum salary plus a small commission, based on how much revenue she generated each day. She worked 37 hours per week on a schedule dictated by her employer. Many other perks of working for the taxi company have since disappeared. However, she has noticed that earnings can increase if she works during peak hours.

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(a) Define the term **gig economy**. [2 marks]

The gig economy is where temporary and flexible jobs are commonplace with firms hiring independent contractors and freelancers instead of full-time employees.

(b) Outline how consumers might benefit from the gig economy. [2 marks]

Consumers gain from greater convenience, a better quality service, and perhaps lower prices. When someone wants a taxi, it comes to them quickly and then takes the consumer onto their destination.

(c) Explain **two** advantages and **two** disadvantages to Abby of being in the gig economy [8 marks]

Advantage 1 – Choice of when to work. Previously Abby was given set hours to work by her employer. Now she can work at times which suit her lifestyle and when she thinks she can earn the most money.

Advantage 2 – Keeps the profits. If there are busy periods, dynamic pricing (surge pricing) is often used by companies like Fido. This means that Abby can earn higher income if she works during peak periods.

Disadvantage 1 – Income not guaranteed. Previously, Abby was guaranteed a salary plus some commission. She only worked 37 hours per week. Now she may need to be available to work a lot longer than the 37 hours to earn the same amount of income as before.

Disadvantage 2 – Increased stress. Abby has borrowed money to purchase the taxi. Repayments will be a fixed cost for her. If there are periods when she cannot work, she will be running the business at a loss. This is likely to discourage her from taking any holidays; all of which adds to her stress level being self-employed.

Disadvantage 3 – Job insecurity. Previously, Abby worked for one of the taxi companies which means if she was made redundant, she may have received redundancy pay or there where legal procedures the company had to go through before dismissal. In a gig economy, these kinds of protection do not exist for the self-employed.

Note to teachers: for [2 marks] to be awarded, each of the responses must be clearly linked to the gig economy, with clear application of the stimulus material.

Social effects on workforce planning

The government of a small country in Asia is keen to encourage foreign businesses to enter the country but it faces a number of problems. Firstly, the death rate is higher than the birth rate. Fewer students are attending university after the government reduced the subsidies it gave to young people to encourage them to attend tertiary education. The participation rate of workers over the age of 45 in employment has also fallen below the government’s target rate of 65%. A **pressure group**, the Confederation of Businesses (CoB), has suggested to the government that changes are needed to the country’s immigration system to encourage essential workers to move to the country as there are shortages in many industries, including healthcare, engineering, IT, and education. Trade unions and the main rival political party in the country have not welcomed these recommendations. Economists have changed their forecasts for economic growth, revising them down for the next 5 years by an average of 0.5% per year.

(a) Define the term *pressure group*. [2 marks]

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(b) Outline how any **two** demographic changes may negatively impact the economy. [4 marks]

Demographic change 1

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Demographic change 2

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(c) To what extent can the government encourage trade unions to welcome the changes being suggested by the Confederation of Businesses (CoB)? [10 marks]

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Answers

Social effects on workforce planning

The government of a small country in Asia is keen to encourage foreign businesses to enter the country but it faces a number of problems. Firstly, the death rate is higher than the birth rate. Fewer students are attending university after the government reduced the subsidies it gave to young people to encourage them to attend tertiary education. The participation rate of workers over the age of 45 in employment has also fallen below the government's target rate of 65%. A **pressure group**, the Confederation of Businesses (CoB), has suggested to the government that changes are needed to the country's immigration system to encourage essential workers to move to the country as there are shortages in many industries, including healthcare, engineering, IT, and education. Trade unions and the main rival political party in the country have not welcomed these recommendations. Economists have changed their forecasts for economic growth, revising them down for the next 5 years by an average of 0.5% per year.

- (a) Define the term *pressure group*. [2 marks]

A group of individuals or organization that tries to influence public opinion and public policy in the interest of a particular cause.

- (b) Outline how any **two** demographic changes may negatively impact the economy. [4 marks]

- With the death rate being higher than the birth rate, this means at some point the population will begin to fall. More importantly, fewer people will be in the workforce which means that the size of the economy as measured by GDP may start to decline over time.
- Fewer students attending university will reduce the economic potential of the economy as there are shortages of workers in IT and engineering, for example. This may mean companies based in the country will start to look to other countries in Asia or beyond, thereby negatively impacting the domestic economy.

- (c) To what extent can the government encourage trade unions to welcome the changes being suggested by the Confederation of Businesses (CoB)? [10 marks]

The government needs to listen to the concerns of the trade unions. These concerns may include:

- The government allowing essential workers to enter the country could force down the wages of workers in these industries. As there is a shortage, these workers may currently be able to demand higher wages.
- If wages for essential workers are lower than the wages being offered to foreign workers in the country, the government needs to determine what can be done to narrow the gap, especially as the cost of living does not fall for migrant workers.
- Trade unions may be concerned that rules about non-essential workers being able to enter the country could be relaxed, with similar effects to the above.
- The government needs to determine the criteria to use to allow essential workers into the country, such as a points system based on qualifications and experience as used in other countries.
- Discussions about government policies which discourage fewer young people to go to university.
- Colleges and universities could be encouraged to adapt and provide courses to fill the labour shortage.

The government needs to be able to convince the trade unions of reasons why accepting essential workers is important for the economy and how trade unions can help address labour issues in the country. As there is a falling population, there is a need for more essential/important workers, otherwise the economy may go into long-term decline. Bringing essential workers into the economy will help economic growth which may mean increased spending on education and healthcare, thereby benefiting the economy as a whole in the long term.

The government could also try to work with trade unions through creating a taskforce that addresses skills shortages and labour issues in the country. It may want to do so quickly as it will help the economy grow, which may help to meet the objectives of the government. The government also needs to communicate the policies being beneficial for workers as more employment will be created over time. In addition, the government and trade unions could work together to encourage more worker participation of over 45-year-olds in the workforce. If the trade unions do not want to take part in any taskforce or discussions, the government can pass relevant employment laws to enact change.

Worksheet 5

2.1 External Factors Organic Cosmetics

Answers

Organic Cosmetics (OC)

Organic Cosmetics (OC) is a large organic cosmetics company based in France. OC does not test its products on animals and has been recognized as one of the top ethical businesses in the country for the past 5 years. OC sells its products mainly through its own retail stores, most of which are only about 100 square meters in size. OC is considering expansion into Asian markets as the chief executive officer (CEO) believes there is untapped potential. The CEO has asked to see quantitative information for the two short-listed countries, Country A and Country B.

Criteria	Country A	Country B
Average wages per hour (€)	3.25	6.40
Ease of doing business (out of 186 countries)	136	48
Environmental ranking (out of 186 countries)	76	97
GDP growth forecast per year for next 5 years (%)	4.3	1.8
Infrastructure ranking (out of 186 countries)	86	23
Market share of current market leader (%)	28	43
Percentage of women in employment	65	54
Population size (millions)	6.2	21.8
Size of local organic cosmetics market (€m)	15	75
Technology ranking (out of 186 countries)	34	67
Trade barriers	Low	High

Using the above information, recommend where OC should locate in Asia.

[10 marks]

Although Country A is comparatively less developed in terms of wages per hour, its economic growth is forecast to grow quickly which could see consumer spending increase. As Country A has a larger percentage of women in employment, and thus are likely to have higher disposable income, this would be a good reason to expand in Country A. Although the market is small (due to the smaller population size) it is expected to grow quickly, so OC could gain market share over time. As trade barriers are low, exporting OC's products to Country A should be relatively easy too. However, the country's weak infrastructure could be a problem. Nevertheless, Country A has a high technology ranking, which is encouraging. This could provide OC with opportunities to develop its e-commerce presence.

However, the total size of Country B's market is a lot bigger (with a population of close to 22 million, or more than 250% higher than the population in Country A), although economic growth is expected to be slower. The ease of doing business in Country B is much higher, which could be an important consideration for OC entering a new country. Country B has good infrastructure which may mean public transport is good, which is beneficial to its workers. Although Country B has a lower female participant rate, OC could take the ethical point of view that if they employ local female managers this will send a clear signal of intent to society. More concerning, the high trade barriers may make it more difficult for OC to enter the country or to export its products. Also, the current market leader is strong, with 43% market share, which may mean OC needs to spend more time and money to establish its brand.

In conclusion, given that OC is one of France's most ethical companies, its final decision may be driven by the desire to remain so, rather than solely being profit-driven. Country A's environmental ranking is relatively good, which could be important to OC. Although Country B's market size makes it attractive, it may be difficult to do business there especially as there is already an established market leader. Despite Country A being a smaller market, it is expected to grow quickly so there is scope for OC to expand quickly and to challenge the current market leader. As Country A also has a good environmental ranking, this will help OC maintain its ethical status and reputation. Therefore, OC should locate in Country A.

Top Tip: Do not list the advantages or disadvantages. The examiner wants to see your thinking behind why you think for or against. Then make a recommendation. Do not make a recommendation based on the number of reasons for and against. It is also fine to conclude OC should locate in Country B.

The above answer is under 415 words. In an exam, students will have about 20 minutes to write this answer so are unlikely to write much more. This syllabus requires limitation of source data to be included.

Resistance to change at Derry Cement Company (DCC)

DCC is the largest cement manufacturer in the town of Derry, employing 300 workers, 30 of whom work in the office. The new office manager has been given approval to upgrade the computers to Apple iMac computers. However, the change means that in future, instead of workers using Microsoft Word, PowerPoint or Excel, employees will have to use Apple’s Pages, Numbers, and Keynote. Workers are concerned that this will be the first of many technological changes that they will have to embrace. Many workers have never used Pages, Numbers, or Keynote before and have been keen to voice this informally amongst themselves.

In addition, the new office manager wants to reduce the use of emails at DCC. She is considering asking workers to create discussion groups using free messaging apps such as WhatsApp and WeChat. She would like them to use this as a means of communicating less urgent information in the future.

- (a) Outline **two** reasons why DCC’s office workers may be resistant to using the new Apple computers and software. *[2 marks]*

Example 1

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Example 2

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- (b) Explain **two** strategies that the new office manager should put in place to reduce resistance to embracing the new Apple iMac computers and software. *[4 marks]*

Strategy 1

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Strategy 2

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- (c) Explain **one** advantage and **one** disadvantage of the new office manager’s suggestion to use free messaging apps for communicating non-urgent information. *[4 marks]*

Advantage

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Disadvantage

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Answers

Resistance to change at Derry Cement Company (DCC)

DCC is the largest cement manufacturer in the town of Derry, employing 300 workers, 30 of whom work in the office. The new office manager has been given approval to upgrade the computers to Apple iMac computers. However, the change means that in future, instead of workers using Microsoft Word, PowerPoint or Excel, employees will have to use Apple's Pages, Numbers, and Keynote. Workers are concerned that this will be the first of many technological changes that they will have to embrace. Many workers have never used Pages, Numbers, or Keynote before and have been keen to voice this informally amongst themselves.

In addition, the new office manager wants to reduce the use of emails at DCC. She is considering asking workers to create discussion groups using free messaging apps such as WhatsApp and WeChat. She would like them to use this as a means of communicating less urgent information in the future.

(a) Outline **two** reasons why DCC's office workers may be resistant to using the new Apple iMac computers and software. [2 marks]

- Office staff at DCC are already skilled at using Word, Excel, and PowerPoint, so may not see how using Pages, Numbers, or Keynote will improve the quality of their work, i.e., the lack of clear purpose creates resistance to change.
- Workers might not have the skills (initially) to use Pages, Numbers, or Keynote, so fear of the unknown also acts as a barrier to change.
- Workers might not be happy that the office manager has not consulted them about this change; the decision seems to have been announced because she prefers to use Apple iMac computers.

(b) Explain **two** strategies that the new office manager should put in place to reduce resistance to embracing the new Apple iMac computers and software. [4 mark]

- The new office manager should set in place a schedule for staff members to become trained and upskilled to use the Apple computer products. This may mean off the job training and/or bringing in experts who can show workers how to use the new equipment more productively. She cannot expect workers to become proficient overnight, so this process could take a while to implement successfully.
- The manager needs to explain why the Apple iMac computers and software are better for DCC than the previous equipment, otherwise long-term resentments could begin to fester. This could mean future changes she wants to introduce, as the new office manager, may take longer than expected.
- The manager should be aware that some workers will take longer than others to adapt to using the new applications and should be encouraging/supportive of them. Differentiated training may be required to ensure all 30 office staff feel confident and competent in their work.

(c) Explain **one** advantage and **one** disadvantage of the new office manager's suggestion to use free messaging apps for communicating non-urgent information. [4 marks]

Advantages:

- These messaging apps encourage short messages to be communicated so could be useful for reminders about meetings and short pieces of information.
- It encourages the sender to express their messages in a concise way. By contrast, emails can be overly long, so the message is not always fully understood by the receiver.
- It encourages workers to stay in touch outside of working hours (although this could also be a disadvantage!)

Disadvantages:

- It can be difficult to include lots of information, such as attachments which tend to work better on desktop computers than on smartphones.
- With a group chat, workers may go off topic and become less formal, with important messages being missed or ignored by someone who just checked their smartphone, but the messages were sent some time ago with many subsequent messages having been sent since then.
- Encourages workers to stay in touch outside of working hours (stated as advantage above, but many will dislike getting messages during their weekends or in the evening).

Thai Kee (TK)

Thai Kee (TK) is a well-known chain of franchised restaurants in Thailand. TK is located in 500 shopping malls and busy commercial areas throughout the country. Customers expect a speedy service, tasty Thai food, and at reasonable prices. A typical restaurant can seat up to 120 people, with seating for between 2 and 8 people. Each restaurant employs up to 60 workers, most of whom work as waiters on a part-time basis.

TK wants to introduce more technology in its restaurants to enhance the customer experience. At the moment waiters take orders, deliver food, and take payments. TK would like to replace many of the waiters by allowing customers to order and pay using a tablet stationed at each table. Robots would bring the food to each table. TK believes its main target market, young working professionals, will welcome this change.

TK also estimates the average time customers spend in the restaurant will fall from 50 minutes to 38 minutes, so more customers can visit, and more revenue be generated. TK thinks this will mean no net redundancies will take place as more workers are needed in food preparation and cleaning. However, the cost of introducing the technology into each restaurant could be up to 6 million baht (around \$200,000). **Franchisees** have, so far, been resistant to accepting the proposed changes.

1. Students of pirateIB, define the term *franchisee*. [2 marks]

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2. Explain **two** possible reasons why franchisees are resistant to the proposed changes at TK. [4 marks]

Reason 1

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Reason 2

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3. Suggest **three** methods that TK can convince its franchisees to accept the proposed changes. [6 marks]

Method 1

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Method 2

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Method 3

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Answers

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1. Define the term *franchisee*. [2 marks]

A franchisee is an entity that owns and operates a business using the corporate model licensed by the franchisor. The franchisee pays an annual fee to the franchisor, as well as a percentage of the revenues to the franchisor. It must also abide by the franchisor's rules for the running of the franchised business.

2. Explain **two** possible reasons why franchisees are resistant to the proposed changes at TK. [4 marks]

Reason 1 – Costs of introducing the new technology (\$200,000) are paid by the franchisee not the franchisor at considerable expense. Therefore, it is the franchisee who takes all the risks of such an investment.

Reason 2 – Franchisees need to be convinced that there will be an increase in sales revenues beyond the promise or belief that customers will get and eat their meals quicker and more customers can be served each day. They will want to know if any primary research has been conducted from the main target group of young working professionals.

3. Suggest **three** methods that TK can convince its franchisees to accept the proposed changes. [6 marks]

Method 1 - Communicating change - Failing to tell franchisees about changes will only infuriate them more. Communication of change should not be one-way; it should be two-way in order to ensure the success of any organizational change. For example, using surveys allow for feedback before the change is to be implemented, if at all. TK can also engage resisters in one-on-one or group meetings, where concerns from franchisees can be voiced and their questions answered.

Method 2 – Working with franchisees or their representatives to convince members of the need for change and the rationale behind the decisions. Helping franchisees to better understand the need and reasons for change can help to reduce the resistance to change. For example, young working professionals (customers) may be more open to the idea of technology in all aspects of their lives, so being served by a robot may not be a big issue for them. An increased number of customers, which leads to greater sales revenues, as well as improved customer experiences, can help to convince franchisees to accept the proposed changes.

Method 3 - Implementing change in phases - TK has proposed to introduce a major change/initiative, so it could take time to convince franchisees this is a good idea. Taking a phased approach, for example, 5 franchisees to trial the introduction of the new technology, may help to persuade other franchisees of the long-term benefits of change. Any initial problems can be identified and solved before a wider roll out of the initiative across Thailand. A timeline (using a Gantt chart system, for example, can be created with all franchisees made aware of the changes, perhaps over an 18-month period.

Accept any other relevant method that is clearly explained in the context of the case study.

Answers

Gene Simons Manufacturer (GSM)

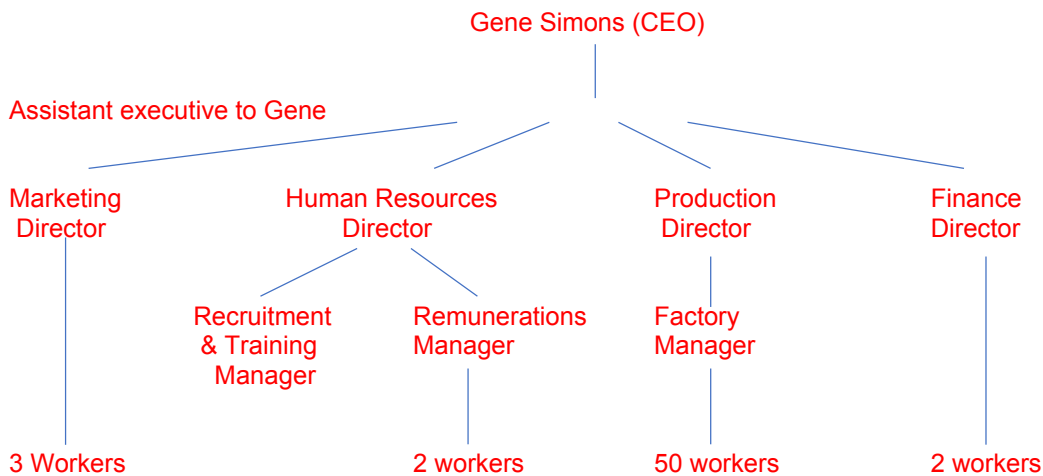
(a) Define the term *span of control*. [2 marks]

The span of control refers to the number of subordinates that a manager or supervisor can directly control. This can be seen from an organization chart.

(b) State Gene's direct span of control. [1 mark]

1 (his assistant executive)

(c) On a separate piece of paper, construct an organization chart for GSM. [2 marks]



(d) From your organization chart, identify the number of levels in the hierarchy at GSM. [1 mark]

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e) Using information in the case study and your organization chart, discuss the causes of and solutions to GSM's labour productivity problem. [10 marks]

Falling labour productivity means that output per worker is decreasing. Gene is not happy that there are no benefits from economies of scale (as average cost should go down with GSM's increased scale of production). There could be several reasons for this. The business has increased the number of its workers, yet labour turnover is also increasing, and the factory has become more automated. This suggests that workers may not have received adequate training, or the recruitment process could be improved. Furthermore, the factory manager must supervise 50 workers which is perhaps too wide a span of control to be effective. It would be challenging for anyone to manage, coordinate, organize, or direct so many workers in an effective way.

There are solutions. The factory manager needs some assistants to be employed so they can each have a small team for added support. This will cost GSM more money initially but should increase overall productivity, including managerial economies of scale. Hiring more managers seems vital as GSM plans to increase production so is likely to hire even more factory workers. Alternatively, GSM could consider introducing more automation rather than employing more workers. This would increase capital spending and existing workers may need retraining. It may help if the Factory Manager works alongside the Recruitment and Training Manager to ensure high calibre workers are recruited and proper training provided, which should increase productivity in the long term.

In conclusion, the most important issue is the Factory Manager's span of control which is too wide. Hence, assistants should be hired who can help to organize and manage the workers more effectively. If training and/or recruitment is flawed, this should be rectified immediately, with the involvement of the Factory Manager. Rather than trying to grow the business with falling productivity, GSM should concentrate on fixing what is not right/efficient at the moment.

Answers

Top Cola & Beverages (TCB)

Top Cola & Beverages (TCB) is a global soft drinks company. Its best-selling product is *Top Cola*. However, consumers around the world are drinking less sugary drinks and choosing alternative healthier beverages. As a result, *TCB* is considering restructuring. *TCB* is currently organized by geographic location: North America, Central and South America, Western Europe, Eastern Europe, and Asia. The company is considering being organized by product cluster groups. The proposed cluster groups are: sparkling soft drinks, energy drinks and sports drinks, juices, dairy and plant-based drinks, water, and teas and coffees.

TCB aims to focus on launching new products through innovation, changing recipes to reduce sugar (such as introducing more flavoured sparkling water drinks), and developing new brands in product categories such as tea and plant-based drinks. *TCB* is also considering making offers to acquire multinational chains *Coffee First* and *Hey Tea!* *TCB* has predicted it would save up to \$80 million each year through this restructuring, although it is fears that up to 7,200 jobs could be lost due to **delayering** at the company.

- (a) Define the term *delayering*. [2 marks]

Delayering means that *TCB* would reduce the number of layers in the organization, for example, from 7 to 5 layers which would mean that communication happens a lot quicker. It would also mean the company can respond to changes in the market a lot quicker.

- (b) Outline how *TCB* is planning to change its organization structure. [2 marks]

At the moment, *TCB* is organized by region or geography (North America etc.) but is considering moving to being organized by cluster groups which are product lines, such as tea and coffees. This could mean selling packaged drinks or having their own cafes.

Top Tip: to get full marks for this question students need to use appropriate terminology and the *TCB* case study (read the question again).

- (c) Discuss whether *TCB* should proceed with restructuring the company (you may choose to complete the answer on an additional sheet of paper). [10 marks]

The disadvantages of restructuring include the time taken to change job descriptions and job roles as *TCB* moves from being organized by geography towards a product-based organization. Organization by product may mean that there is no specialist knowledge of geographical areas and local preferences of customers. For example, just because a product has been successful in Singapore does not mean it will do well in Hong Kong or Central and South America. Also, the restructure would lead to 7,200 job losses, which may demotivate staff as existing workers have to do more work and employees may need significant retraining. There might also be a lack of job security. As many experienced workers will lose their jobs, it may take time for cohesive and productive teams to be formed, so in the short term it may be difficult to get everyone up to speed on *TCB*'s business strategy and what the company stands for (its mission or vision).

The advantages of restructuring include having marketing strategies tailored for each product line by employees who fully understand the product. For example, having workers focusing on sparkling water may lead to better/speedier decision-making and motivation for these workers. Organization by geography may have meant workers not being experts in any of the products which were being sold. Instead, restructuring means that each product line has a cohesive strategy moving forward, such as the introduction of more flavoured sparkling waters.

If costs can be reduced without affecting the quality of the work completed, then restructuring is a good idea, but there would still be concerns that this may lead to mass job losses at *TCB*. However, it may make it easier for the company to meet its business objectives, as it may need to spend less on producing sugary drinks in the future, and more on water, given changes in the market.

In conclusion, if *TCB* can transition quickly through the reorganization process then it is a good idea to restructure. Worldwide trends are evident (less consumption of sugary drinks and increasing sales of healthier drinks), so *TCB* needs to be able to have appropriate strategies in place so that the company can adapt to meet changing consumer needs. Restructuring may well be part of such a strategic plan.

Worksheet 10

2.2 Delegation - Value!

Answers

(a) Define the term *delegation*. [2 marks]

Delegation occurs when a line manager gives authority to others to make decisions, empowering others to complete tasks and take on certain responsibilities that would typically be handled by the line manager.

(b) Explain **one** advantage of centralized decision-making. [2 marks]

Centralized decision making happens when a small group of people takes decisions, such as *Value!*'s board of directors.

Top tip: The above answer may only get 1 mark out of 2 as it is not developed enough as it does not state why a small group of people making decisions is an advantage. A fuller answer below is more likely to get both marks.

Centralized decision-making happens when a small group of people (such as the board of directors at *Value!*) make all the decisions. This can be advantageous because it means that all *Value!* supermarkets follow the same policies and procedures, so practices are clear and consistent throughout the organization.

(c) Discuss the appropriateness of delegation at *Value!* (you may complete the answer on a separate piece of paper). [10 marks]

Dennis became the CEO of an organization that was struggling to remain competitive, but seems to have been able to turn around the business. If *Value!* only had one supermarket store then Dennis could undertake a lot of the tasks himself, but as it has 50 stores and hires 5,000 workers spread out in different geographical areas, it is impossible for him to do all of the necessary jobs of a senior director. Hence, he must delegate.

Advantages to *Value!* of delegating could include the following:

- Dennis and his board of directors may not have specific expert knowledge to strengthen *Value!* For example, the company only recently introduced an online store so may have delegated this to the operations manager or outsourced the service to an ICT provider. The same applies to its recently launched delivery service.
- Delegation enables Dennis and his directors to focus their time more effectively, such as strategic planning and implementation for the company's growth strategies. By delegating tactical tasks to managers and employees, the board of directors can focus their strategies on particular areas in need of attention, such as strategies to deal with the intensifying competition from discount supermarkets.
- Delegation can motivate *Value!*'s managers and other supermarket employees as they are empowered to make the necessary changes to help the organization to survive and thrive.
- As *Value!* has become less centralized with greater delegation, it may mean that decision-making better meets the varying needs of local customers.

Disadvantages to *Value!* of delegating could include the following:

- Managers and other employees with delegated decision-making authority need to have had adequate training and developed sufficient skills to be able to execute their roles effectively. This can be both time consuming and expensive for *Value!*
- Financial and human resources must be made available to solve the problems identified, otherwise this may demotivate those who have been delegated or empowered with decision-making authority.
- Dennis and the board of directors are still ultimately held accountable by shareholders for the performance of the company. So, delegation does not mean the directors can avoid what needs to be improved at *Value!* as they are still held accountable by the owners for the results of the business.
- Delegation may mean Dennis has less overall control. This can be disastrous, despite being autocratic when he needs to be, as things can easily go wrong with many more decision-makers in the organizations.

In conclusion, Dennis may empower and motivate managers and employees through delegation, but he needs to make sure they have received the relevant training and are given sufficient support to carry out their jobs. Delegation needs to be handled skillfully as the board of directors may struggle to take back control if any major mistakes are made. After all, they are still accountable for the financial performance of the business.

Campbell Islands

Campbell Islands (CI) is the largest supermarket chain in Derry, with 200 stores serving a population where 90% live within a 5-mile radius of a *CI* store. Previously, decision making at *CI* was highly centralized, leading to dissatisfaction among store managers due to significant demographic differences in Derry. Despite English being the official language, various local dialects and diverse communities exist. Consequently, *CI* store managers seek greater autonomy and decision-making authority, including the ability to manage inventory based on local customer needs, hire their own staff, and take responsibility for marketing their products. Traditionally, *CI* has primarily promoted high-performing individuals internally to fill supermarket manager positions, without the need to offer off-the-job training for new managers.

Several of *CI*'s supermarkets are effectively managed, with sales in 120 stores surpassing the industry average growth rate. However, some stores have exhibited substandard performance. To address these concerns, the CEO of *CI* is contemplating the implementation of regional managers who would supervise groups of 10 supermarket managers each, although not all members of the board of directors support this proposal.

- (a) Define the term *centralized decision making*. [2 marks]

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- (b) Explain **one** advantage to *CI* reducing levels of bureaucracy. [2 marks]

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- (c) Discuss whether *CI* should reduce the autonomy of the supermarket store managers. [10 marks]

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(a) Define the term *centralized decision making*. [2 marks]

This occurs where all decision making and processes are handled at the top hierarchal level of the organization, such as the board of directors. Workers further down the hierarchy do what they are instructed to, as they do not have much, if any, decision making power.

(b) Explain **one** advantage to *CI* reducing levels of bureaucracy. [2 marks]

- Reducing bureaucracy may mean information can pass up and down *CI*'s organization more effectively.
- Reducing bureaucracy can mean *CI* could be able to delayer or reduce the number of workers it employs, thereby saving labour costs.
- Less paperwork or bureaucracy means *CI*'s supermarket managers may be able to make decisions and act faster to meet local customers' needs.
- *Accept any other advantage, written in the context of the case study.*

(c) Discuss whether *CI* should reduce the autonomy of the supermarket store managers. [10 marks]

As there are 200 *CI* supermarkets, it may be difficult for the central head office to take back all of the decision making powers it has given to store managers in recent years. Many of the supermarkets are well run as sales have increased faster than the industry average for 120 of the stores, which suggest these managers are skilled at meeting local needs, motivating workers, and marketing products. Hence, reducing their autonomy is not necessarily a good idea. For example, autonomy would enable *CI*'s stakeholders to celebrate its diversity of its employees and customers. So, it would be unfair and challenging to penalize these supermarket store managers just because some of the other supermarkets are poorly run.

However, not all of *CI*'s supermarkets are performing well; in fact, 40% of the stores are not performing to the same expected standard. The board of directors at *CI* might choose to introduce a range of performance targets so that those supermarkets which are not being run to the required standard would be taken back under the control of *CI*'s head office. Another benefit of reducing the autonomy is that 20 regional managerial jobs would be created. These are likely to be internal promotions, perhaps from the supermarkets which have performed the best. *CI* should also make provision for training new supermarket managers to support their development and ability to reach performance targets to further improve the financial performance of *CI*.

In conclusion, decentralizing power to the supermarkets has been a guarded success. To ensure all their supermarkets are successful, senior board members at *CI* should introduce performance targets over a given time period (say one year) requiring all supermarkets to meet these goals. Individual supermarkets that do not meet the set criteria could then come back under the control of a task force that helps store managers to ensure performance standards improve. Managers who have problems could be supported with off the job training and mentored by highly successful *CI* supermarket managers. High-performing managers have nothing to fear as they would continue to have autonomy. Less well-run supermarkets have time to improve, but it can prove highly problematic if decision making authority is removed outright.

King's School Derry (KSD)

King's School Derry (KSD) is a well-established school for students aged 3-19. It is a non-profit organization led by Sally Davis, the new executive principal. The school has approximately 2,000 students. Sally Davis has been investigating a better way to organize *KSD* in order to save money on staffing, so the funds can be used elsewhere within the school. The school employs 250 teachers. In the junior school, teachers are organized mainly by year group, whereas in the senior school they are organized by subjects. All senior school students use their own personal laptops in most lessons. A nearby school has 1,250 students and hires 125 teachers.

Sally Davis is surprised and concerned to see that *KSD* directly employs 30 people in the school canteen, 20 security staff, 5 gardeners, 12 bus drivers, 10 workers in the Human Resources department, 5 people in the Admissions department, 3 people in the Marketing team, 10 ICT technicians, and 20 clerical (office) staff. She believes that *KSD* is in the business of providing high quality education, not providing direct employment for bus drivers who are only required from 6:30 am – 8:15 am and then again from 3:00 pm – 4:30 pm each day. Unless there is a school trip, most of the bus drivers do little in-between. Specialist sports coaches, electricians, plumbers, specialist caterers, and substitute teachers are also hired when needed. The junior and senior schools each have their own principals, vice principals, and middle managers.

- (a) In the context of *KSD*, explain organization by function. [2 marks]

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- (b) Evaluate whether Sally Davis should implement Charles Handy's Shamrock organization model at *KSD*. (You may choose to complete your answer on a separate piece of paper). [10 marks]

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Answers

King's School Derry (KSD)

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(a) In the context of *KSD*, explain organization by function. [2 marks]

KSD is organized by function. Teachers work in distinct departments, e.g., in the senior school, staff are organized in subject areas (departments), whereas in the junior school they are organized by year groups (departments). Non-teaching staff are organized in groups, such as admissions and marketing. The middle managers are also likely to have functional responsibilities.

(b) Evaluate whether Sally Davis should implement Charles Handy's Shamrock organization model at *KSD*. (You may choose to complete your answer on a separate piece of paper). [10 marks]

Charles Handy believes that organizations can be made more flexible and save money if they are organized in the following ways, based on his model of the Shamrock organization:

- Hire and retain core workers who are essential to the daily running of *KSD*.
- Have a contractual fringe, i.e., *KSD* subcontracts non-core activities to specialist businesses.
- Have a flexible workforce, i.e., *KSD* employs a flexible workforce made up of part-time or temporary workers who are employed as and when needed.

Sally Davis has to decide which of the current core workers are vital to the educational success of the school and which roles can be contracted out. Teachers are the core workers in the Shamrock organization model. To ensure the smooth running of *KSD*, the office staff are also core to the operations of the school, although it might not be necessary to keep all 20 workers. To attract new students, an admissions team is also needed.

Most schools contract out the provision of security, gardening, and catering services to specialist organizations that provide those services. While Sally Davis would still be held accountable, outsourced providers may be able to provide these services at a higher quality and lower price. A similar argument could be put for reducing the number of bus drivers although the school may want to keep a (very) small number of core bus drivers for school trips during the day. The senior school students use laptops, which occasionally need to be fixed but this can often be handled remotely so the ICT team of 10 could be reduced. *KSD* can also use subcontracts for its marketing and human resources functions, although external agencies may not have a detailed understanding of *KSD* and its organizational culture. As a reputable school, *KSD* must avoid recruiting poor quality teachers and non-teaching staff.

In conclusion, Sally Davis should consider contracting out non-core educational activities such as security and catering, as long as quality is maintained. It should also be possible for these specialist subcontractors to offer the services at a lower price, thereby saving money for *KSD*. Core business activities such as teaching should not be contracted out. This means teachers and administrative staff are core employees for *KSD*.

Top Tip: this question requires application of Handy's model to the case study materials with clear judgements being made regarding which of the workers could become contractual and why. Finally, the recommendation must be in line with the arguments presented in the main body. If a student writes a theoretical answer which clearly explains Handy's Shamrock organization but does not have evidence of application, award a maximum of 5 marks.

Byron Trumbo (BT)

Byron Trumbo is the leading property developer in the Campbell Islands. *BT* has been very successful over the past 20 years and is always investigating ways of expanding its property empire. The business has just overseen the completion of a 400-room building costing \$50 million just outside of the capital city of the island. The initial plan had been for this to be a hotel aimed at wealthy tourists. However, when the COVID-19 pandemic hit, the number of tourists staying at *BT*'s hotels fell by 98%. Whilst tourist numbers slowly rebound, it could still take up to 3 years to reach pre-pandemic tourist numbers. *BT* also owns 3 serviced apartment buildings which have 800 apartments for long-term rent. During the COVID-19 pandemic, the average occupancy rate fell from 93% to 89%.

Historically, *BT*'s hotels have been more profitable (averaging 13% return each year) than the serviced apartments (7% return per year). Before making a final decision regarding the new 400-room building, *BT*'s board of directors asked for a report to be completed by the Chief Finance Officer (CFO) which included a decision tree and force field analysis, both of which recommended opening the hotel. Although a natural risk taker, and having worked in the field for over 20 years, the Chief Executive Officer's (CEO's) intuition tells him to ignore the findings of the CFO.

- (a) Outline why intuition may play an important part in the CEO's decision making. [2 marks]

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- (b) Explain **two** disadvantages to *BT* of using decision trees. [4 marks]

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- (c) Outline **three** other examples of decision making and planning tools which may have been included in the CFO's report, other than decision trees and force field analysis. [6 marks]

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Answers

Byron Trumbo (BT)

Byron Trumbo is the leading property developer in the Campbell Islands. *BT* has been very successful over the past 20 years and is always investigating ways of expanding its property empire. The business has just overseen the completion of a 400-room building costing \$50 million just outside of the capital city of the island. The initial plan had been for this to be a hotel aimed at wealthy tourists. However, when the COVID-19 pandemic hit, the number of tourists staying at *BT*'s hotels fell by 98%. Whilst tourist numbers slowly rebound, it could still take up to 3 years to reach pre-pandemic tourist numbers. *BT* also owns 3 serviced apartment buildings which have 800 apartments for long-term rent. During the COVID-19 pandemic, the average occupancy rate fell from 93% to 89%.

Historically, *BT*'s hotels have been more profitable (averaging 13% return each year) than the serviced apartments (7% return per year). Before making a final decision regarding the new 400-room building, *BT*'s board of directors asked for a report to be completed by the Chief Finance Officer (CFO) which included a decision tree and force field analysis, both of which recommended opening the hotel. Although a natural risk taker, and having worked in the field for over 20 years, the Chief Executive Officer's (CEO's) intuition tells him to ignore the findings of the CFO.

(a) Outline why intuition may play an important part in the CEO's decision making. [2 marks]

- The CEO's wealth of experience and industry expertise enables him to draw upon past successes and failures, allowing his intuition to guide him towards a decision that may not be evident from the available data in the decision tree or force field analysis.
- The COVID-19 pandemic created unprecedented circumstances and uncertainties in the tourism industry, making it far more challenging to make accurate forecasts. The CEO's intuition may take into account the dynamic and rapidly changing nature of the situation, allowing him to consider factors beyond the numerical data presented in the CFO's report.
- The CEO's intuition may consider non-financial aspects and long-term implications that the CFO's finding might overlook. While the report primarily focuses on financial returns and comparisons between hotels and serviced apartments, the CEO's intuition could consider broader aspects of decision making, such as *BT*'s brand reputation, customer loyalty, and strategic positioning in the market. These intangible factors may have a large impact on the success and sustainability of the business.

(b) Explain **two** disadvantages to *BT* of using decision trees. [4 marks]

- Decision trees are educated guesses based on forecasts and probabilities. The further into the future the CFO looks, the more likelihood there is that the forecasts will be inaccurate, especially as tourism numbers may be dependent on a range of factors beyond COVID-19, such as the strategies of competitors or the state of the world economy.
- Even a small change in input data can cause large changes in the outcomes of a decision tree, e.g., making the most positive aspects in favour of building the hotel slightly more negative (in terms of predicted financial returns) would make serviced apartments seem the better choice. Similarly, the potential for bias would mean that the CFO could make the serviced apartments option seem highly unattractive.
- Decision trees require complete data for making accurate and meaningful predictions. Dealing with missing data or values can be challenging, which can introduce additional uncertainties and biases.

(c) Outline **three** other examples of decision making and planning tools which may have been included in the CFO's report, other than decision trees and force field analysis. [6 marks]

- STEEPLE analysis – There are a range of external factors that can influence the future performance of *BT*, i.e., social, technological, economic, environmental, political, legal, and ethical considerations.
- SWOT analysis – Strengths (what *BT* is good at), Weaknesses (what the business could improve on), Opportunities (external forces which may allow the hotels and serviced apartments to grow) and Threats (external forces which may send the businesses into decline).
- Financial ratio analysis – This can enable *BT* to assess its profitability, ability to pay short-term debts, its cash position, and possible seasonal effects on the hotels.
- Competitor analysis – This enables *BT* to gain a better understanding of each of the markets in which it operates, what competitors do well (or not so well), and perhaps show where there are gaps in the market. A product positioning map (perception map) could be drawn to visually represent this information.
- *Accept any other appropriate tool, written in the context of the case study.*

Lee’s Wholesalers (LW)

Cindy Lee has been the general manager at *Lee’s Wholesalers (LW)* for the past 20 years. There are 50 employees in the business. *LW* is frequently busy, with deliveries being received from suppliers, invoices being sent out to regular customers, owners of small local businesses arriving at the wholesale store to buy products, and *LW* drivers making deliveries. Cindy spends a lot of her day solving problems and directing her staff.

There are four different sections of *LW*, so Cindy starts each day by meeting the managers of each section to talk through the main issues of the day. Cindy then deals with many different matters, such as an employee who is unwell so another worker may need to be transferred for the day, or having coffee with a potential supplier when she receives a call from the delivery man who has a punctured tyre so needs to contact the customer about the delay. As Cindy is the general manager, she believes this makes her a key leader at *LW*. However, Cindy has recently been told by her daughter, who currently studies IB Business Management, that she is not a leader but a manager, and that the two roles are completely different.

(a) Suggest **two** reasons why Cindy might be considered as a manager, rather than a leader. *[4 marks]*

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(b) In the context of *LW*, discuss the extent to which is it necessary to formalize the role of a manager and a leader? (You may choose to complete the answer on a separate piece of paper). *[10 marks]*

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Answers

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(a) Suggest **two** reasons why Cindy might be considered as a manager, rather than a leader. [4 marks]

Cindy is the general manager at *Lee’s Wholesaler* and makes sure it operates efficiently each day. She demonstrates many of the traits expected of managers:

- Cindy instructs and coordinates each of the 4 section managers during morning meetings.
- She helps solve routine problems, for example, if someone is sick or a delivery van has a punctured tyre.
- She has decision-making authority, such as leading meetings and giving orders which are followed by her staff members.
- She tends to focus on short term issues each day (such as orders being received, deliveries being sent out, as well as problems related to the workers), which is how many think of a manager, rather than focusing on the long-term strategic direction of the business, which many associate with being a leader.

Top Tip: example needs to be fully explained and related to Lee’s wholesalers to get 2 marks.

(b) In the context of *LW*, discuss the extent to which is it necessary to formalize the role of a manager and a leader? (You may choose to complete the answer on a separate piece of paper). [10 marks]

There is often debate about the differences between managers and leaders, whereas less is talked about the similarities. Many managers, like Cindy, will assume that because they have senior managerial positions, this makes them leaders. This is not necessarily true.

Some of the accepted differences between managers and leaders include:

- Managers have decision-making power because of their official position in the organization; Cindy is the general manager at *LW*.
- Cindy gives out commands and directions to others, such as the four department managers.
- Her decision making seems to revolve around dealing with short-term and routine problems.
- People choose to follow leaders whereas managers must be followed. It seems the latter is the case for Cindy. People choose to follow leaders perhaps because of their vision, communication skills, and/or charisma/inspiration.
- So, a key difference is leaders tend to consider the long term, whereas managers consider the short term.

Some of the possible similarities include:

- Cindy has been in her job for 20 years and this position creates influence and possibly charisma.
- It seems Cindy is good at her job and if workers respect her then many of the accepted qualities of being a good leader (such as good interpersonal and communication skills with suppliers, managers, and staff) means her staff are more willing to accept her decisions.
- Given the success of *LW*, Cindy must have a history of making correct decisions, which is indicative of being an effective leader.

In conclusion, it can matter to individuals like Cindy what they think of themselves (as a leader rather than a manager) as people tend to hold leaders with higher esteem. This may be true for Cindy as she has been in the role for many years. She has some of the traits of being an effective leader, with employees and section managers following her because of her experience and track record of good decision making.

Price Right (PR)

Bip Asha is the Chief Executive Officer (CEO) of the largest supermarket chain in Derry, *Price Right (PR)*, which has 100 stores across the territory of 5 million people. *PR* employs 10,000 people in its supermarkets and another 1,000 in its distribution centre and head office. Bip has become concerned about findings in an internal report prepared by the Human Resources Director, based on *PR*'s yearly online survey completed by all workers, which shows workplace bullying seems to be on the rise. Upon further investigation, Bip found complaints against managers had increased over the past 3 years, although no manager had been dismissed. Bip is concerned that if the problem gets worse it could destroy team morale, reduce standards of customer service, and worsen absenteeism rates; all of which will lead to increased labour turnover. Bip is worried the work culture could become highly negative.

Bip, who thinks of herself as being a paternalistic leader, is aware that in Derry the traditional management style tends to be **autocratic**. Descriptive statistics show that 89% of store managers are male, whereas 72% of other workers are female. After doing some research, Bip found autocratic management is associated with a culture of bullying. However, *laissez faire* leadership can actually be worse, as passive managers who do not deal with conflict in the workplace can allow harassment to go unchecked. An internal report based on interviews with store managers shows they are concerned about meeting the different objectives that have been imposed by head office (including sales revenue per square metre, environmental targets, and local community involvement).

(a) Students of pirateIB , define the term *autocratic management*. [2 marks]

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(b) Explain **one** feature of a paternalistic leader. [2 marks]

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(c) Suggest how Bip can deal with the human resource issues at *Price Right (PR)*. [6 marks]

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Answers

Price Right (PR)

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- (a) Define the term *autocratic management*. [2 marks]

An autocratic management style is where most or all decisions are made by a manager with little, if any, input from subordinates. Managers may make choices based on their thoughts, opinions, as well as intuition and they rarely ask for, or accept, advice from others.

- (b) Explain **one** feature of a paternalistic leader. [2 marks]

- Such leaders have a lot of control over others but they think of followers as being like family members, so decisions are made with the welfare of their employees in mind. The leader would be concerned that workers are unhappy and feel she has not protected them.
- Employees may take great pride in the organization as they do not want to let the leader down.
- Paternalistic leaders expect high employee loyalty, commitment, and performance.

- (c) Suggest how Bip can deal with the human resource issues at *Price Right (PR)*. [6 marks]

Possible approaches could include any combination of the following points:

- In the short term, Bip needs to find out more about the problems. Initial research was completed online so face to face interviews could take place to determine more in-depth findings.
- Bip could investigate if the problems are localized to specific stores, e.g., using descriptive statistics to determine if there been an increase in absenteeism, labour turnover, or customer complaints.
- Managers are unhappy at the objectives being imposed on them. A manager may be more concerned with potentially conflicting objectives relating to raising sales per square metre and spending resources on community involvement. Managers may feel that as an autocratic culture has been imposed from head office, so it follows that they should also be autocratic in their own approach.
- As the majority of workers are female, *PR* could identify and train women who show management potential so that when promotional opportunities arise they can apply for these roles.
- Existing managers need to be listened to regarding their concerns about the targets from head office. This could, perhaps, be done in a more democratic way, which allows managers to be more involved.
- Managers will need off-the-job training so that they can understand the value of developing their management skills. Changing the culture may take time as the whole process needs careful planning and implementation. Perhaps in future instead of all *PR* employees doing an online survey, maybe some of these should be conducted face to face with independent researchers to gain more insightful feedback.

Top Tip: For 6 mark questions, students need to identify the key issues, use appropriate Business Management terminology throughout the answer, and make appropriate use of the case study.

Wuan Chang International School (WCIS)

Wuan Chang International School (WCIS) was founded 40 years ago by Wuan Chang, initially as a kindergarten. Over the years, WCIS added a junior (primary) and senior (secondary) school, with a total of 1,200 students in attendance across the two campuses. WCIS employs 125 teachers, 60% of whom are expatriate educators, plus 50 support staff, all of whom are local residents.

Earlier this week, Wuan Chang came across a website called “Teachers Review Schools” and found many negative reviews, mainly submitted by expatriate teachers. Numerous comments included teachers stating they were happy to leave WCIS and recommending others not to bother applying for a job at the school. Labour turnover at WCIS has been higher than at other international schools in the same region, but Wuan assumed this was because salaries are below average and the working week is longer. Wuan was surprised to find himself described as a “reclusive dictator”, “teller, not seller”, “only interested in using the school as a cash cow and making connections”, “a horrible **autocratic** man”, and “on the rare occasions when he is seen, he never smiles”. Wuan was surprised that no one in his senior leadership team ever thought to tell him about the views of staff.

Wuan reflected on the feedback and feels he makes decisions in the best interest of teachers and students. He is not sure whether his paternalistic leadership style has been a success.

(a) Define the term *autocratic leadership*. [2 marks]

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(b) Explain **one** advantage and **one** disadvantage of Wuan Chang using a paternalistic leadership style. [4 marks]

Advantage

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Disadvantage

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(c) Analyze whether Wuan Chang will be able to change his paternalistic leadership style. [6 marks]

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Answers

Wuan Chang International School (WCIS)

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Earlier this week, Wuan Chang came across a website called “Teachers Review Schools” and found many negative reviews, mainly submitted by expatriate teachers. Numerous comments included teachers stating they were happy to leave WCIS and recommending others not to bother applying for a job at the school. Labour turnover at WCIS has been higher than at other international schools in the same region, but Wuan assumed this was because salaries are below average and the working week is longer. Wuan was surprised to find himself described as a “reclusive dictator”, “teller, not seller”, “only interested in using the school as a cash cow and making connections”, “a horrible **autocratic** man”, and “on the rare occasions when he is seen, he never smiles”. Wuan was surprised that no one in his senior leadership team ever thought to tell him about the views of staff.

Wuan reflected on the feedback and feels he makes decisions in the best interest of teachers and students. He is not sure whether his paternalistic leadership style has been a success.

- (a) Define the term *autocratic leadership*. [2 marks]

An autocratic leader is one who makes decisions and expects others to follow the instructions. They do not typically ask for advice or feedback before making decisions.

- (b) Explain **one** advantage and **one** disadvantage of Wuan Chang using a paternalistic leadership style. [4 marks]

Advantage – Wuan Chang believes he will gain more loyalty from staff as he makes decisions with their best intentions at heart. He hopes this may lead to reduced labour turnover as well as happier and more motivated employees.

Disadvantage – As Wuan Chang makes decisions without really consulting the workers, this may mean workers think their input and points of view are unimportant. This can be seen through the bad reviews of the school on “Teachers Review Schools”, where he is portrayed as being “a horrible autocratic man”.

- (c) Analyze whether Wuan Chang will be able to change his paternalistic leadership style. [6 marks]

Most leaders have a dominant leadership style. For example, Wuan Chang is a paternalistic leader which means he is used to making decisions and having others follow these decisions. Generally, as a leader gains more skills and experience, they can develop situational leadership abilities so they can use facets of different leadership styles, i.e., laissez-faire (giving workers broad objectives who then decide how best to do the work), democratic (involving workers in the decision-making process), or autocratic (with the leader making decisions without consulting workers, and the workers expected to follow these instructions). This would suggest that because Wuan Chang founded the school 40 years ago, he is used to a paternalistic style of leadership and so may struggle to adapt.

Nevertheless, Wuan Chang has reflected on the criticisms received on Teachers Review Schools which has led to him considering the appropriateness of using his preferred leadership style. Wuan Chang, it seems, would have liked a member of his senior leadership team to tell him about staffing issues at the school. So, it is up to Wuan Chang to raise this matter with his leadership team in order to adapt accordingly without losing control and authority.

Top Tip: this type of question asks students to identify some of the major issues which may affect Wuan Chang's ability to adapt his leadership style. Students need to use appropriate terminology and stimulus from the case study.

Bright Food Group (BFC)

Bright Foods Group (BFC) is a vertically integrated company. It owns farms, manufactures foods, sells own-branded products to retailers, and has its own retail stores branded as *Bright Foods*. The company's majority shareholder and founder, Teresa Bright, has grown the business quickly as consumers want better quality and safer foods.

The number of workers employed at *BFC* has also increased markedly. In 2005, the company employed 125 workers, but this has grown to over 15,000 employees today. Teresa is concerned that a newspaper article, based on comments and feedback from current and previous *BFC* employees, portrays the organization as a bad place to work. Some of the comments included the following:

- "I am well paid, but as *Bright Farms* is huge, I often feel isolated, spending up to 6 hours every day without much contact with anyone else. It can get pretty lonely, especially when the weather turns bad." – Farmer
- "The work is exhausting. We're paid the minimum wage, so *BFC* struggles to recruit people. Managers always complain that we don't meet targets. Breaks are scheduled so we can't really talk to other workers. Training just seems to be the manager telling us what we have done wrong." – Sales assistant
- "I've worked at *Bright Foods* for 12 years and been a store manager for 4 years. All my training has been on-the-job. Many of the things I'm supposed to do regarding ICT, I have had to learn through YouTube video tutorials. I have to use my common sense dealing with staffing problems." – Store manager
- "I have been attacked twice by angry customers. The store manager told me to not to worry but to get on with my job. I get paid just above the minimum wage and still live at home with my parents. The sooner I get out of *BFC*, the better." – Security guard
- "I joined the company 18 months ago and have received full training. It is an exciting and dynamic place to work, with wonderful and supportive colleagues. I've met Ms. Bright, who can be ferocious in her demands and criticisms if we don't meet targets." – Human resources personnel

(a) Apply Maslow's hierarchy of needs to each of the following stakeholders of *BFC*. [10 marks]

Farmer

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Sales assistant

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Store manager

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Security guard

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Human Resources personnel

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(b) Using Maslow's hierarchy of needs, explain how Teresa Bright might be able to improve motivation at *BFC*. [4 marks]

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Worksheet 17
2.4 Maslow – Bright Food Group (BFC)

Answers

Bright Food Group (BFC)

(a) Apply Maslow's hierarchy of needs to each of the following stakeholders of *BFC*. [10 marks]

- "I am well paid, but as *Bright Farms* is huge, I often feel isolated, spending up to 6 hours every day without much contact with anyone else. It can get pretty lonely, especially when the weather turns bad." – Farmer

The farmer is paid well, so has his/her basic needs met. As the farmer feels isolated and lonely, his/her safety needs may not have been met.

- "The work is exhausting. We're paid the minimum wage, so *BFC* struggles to recruit people. Managers always complain that we don't meet targets. Breaks are scheduled so we can't really talk to other workers. Training just seems to be the manager telling us what we have done wrong." – Sales assistant

The sales assistant is paid minimum wage so may only just have had basic needs met. It seems that her/his safety needs (job security) and belonging needs (social needs) are not being met.

- "I've worked at *Bright Foods* for 12 years and been a store manager for 4 years. All my training has been on-the-job. Many of the things I'm supposed to do regarding ICT, I have had to learn through YouTube video tutorials. I have to use my common sense dealing with staffing problems." – Store manager

The store manager has been internally promoted and has many responsibilities, so has probably met her/his recognition and esteem needs. However, the store manager wants to improve further so is yet to reach self-actualization.

- "I have been attacked twice by angry customers. The store manager told me to not to worry but to get on with my job. I get paid just above the minimum wage and still live at home with my parents. The sooner I get out of *BFC*, the better." – Security guard

The security guard has basic needs only just met. Having been assaulted and had little support means his/her safety needs are not being met. It also seems that her/his social (belonging) needs are not being met.

- "I joined the company 18 months ago and have received full training. It is an exciting and dynamic place to work, with wonderful and supportive colleagues. I've met Ms. Bright, who can be ferocious in her demands and criticisms if we don't meet targets." – Human resources personnel

The human resources staff member seems happy with most aspects of the job, so perhaps basic and safety needs have been met. However, the relationship with the founder may mean self-esteem needs have yet to be met.

(b) Using Maslow's hierarchy of needs, explain how Teresa Bright might be able to improve motivation at *BFC*. [4 marks]

- *BFC* could try to organize more social activities for farmers and sales assistants so they feel more valued and reach belonging needs, but the seasonal nature of farming may still mean farmers are by themselves for long periods of time.
- Sales assistants should be allowed to talk to each other, whilst remaining professional in their duties. *BFC* might also consider organizing staff social events and teamwork opportunities. Managers could be encouraged to be more positive and trusting of their teams. This may allow more workers to reach their belonging and self-esteem needs.
- Store managers may need additional training, including further off-the-job training opportunities. Managers are a key link between senior executives and customers, so *BFC* must prioritize them being able to reach self-esteem needs, so that *BFC*'s organizational objectives can be met.
- Safety needs of the security guards should be addressed immediately, although this job may not allow them to reach higher order needs, i.e., self-esteem and self-actualization needs. However, their social (belonging) and security needs must be met.
- The HR personnel staff member seems to be enjoying the job, although Teresa Bright may benefit from reflecting on her own leadership style (and being "less ferocious" – if this is representative of the view of others) which may allow the person to reach their security and self-esteem needs.

Fashion House (FH)

Fashion House (FH) is a designer, manufacturer, and retailer of fashionable clothes for the mass market. The chief executive officer (CEO) of *FH* has recently discovered that the highest profit margins are in design (the first stage of production) and retail (the last stage of production). By contrast, low profit margins were found to be in the manufacturing stage.

The CEO believes in F.W. Taylor's theory of motivation and applies this rigorously in *FH*'s factories. She is now considering the idea of introducing Taylor's ideas for junior designers. The CEO is also keen to headhunt a top retail executive from a rival company who will be expected to implement Taylor's scientific management practices across all of *FH*'s retail stores.

- (a) Explain why F.W. Taylor's theory might be appropriate for motivating the employees at *FH*'s factories. *[4 marks]*

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- (b) Discuss the decision of the CEO to introduce Taylor's theory to the design process and across all its retail stores (*you may complete the answer on a separate piece of paper if needed*). *[10 marks]*

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Answers

Fashion House (FH)

- (a) Explain why F.W. Taylor's theory might be appropriate for motivating the employees at *FH's* factories. [4 marks]

Taylor's theory of scientific management would suggest that jobs at *FH's* factories can be broken down into separate tasks and stages and then measured how long it takes to complete each of these. In this way, targets can be set which can motivate *FH's* workers. Once managers have broken down production into a smaller tasks and stages, the workers should be trained to be efficient and proficient at a limited number of these, i.e., specialization of labour.

Taylor believed that workers do not like working per se, so *FH's* factory workers should be paid by piece rate which should motivate them, especially if bonuses are given for reaching targets and quality is maintained. Even though Taylor's ideas are over 100 years old they have some relevance in modern factory's were a lot of manual production still takes place.

Top Tip: in the above question, students need to show an understanding of Taylor's theory and then apply this to the case study (*FH's* factory workers).

- (b) Discuss the decision of the CEO to introduce Taylor's theory to the design process and across all its retail stores (you may complete the answer on a separate piece of paper if needed). [10 marks]

Some aspects of F.W. Taylor's theory can certainly be used in the design and retail stages of production. For example, *FH's* chief designer may want design software used in particular ways or give designers strict guidelines about the direction of each season's fashion, i.e., an autocratic approach. However, fashion designers are creative and well-paid people who may crave a lot of independence, so Taylor's method of motivation faces a natural limit for these employees.

The chief designer may be better advised to use aspects of A. Maslow's hierarchy of needs theory as some workers may want to have fulfilling work which allows them to reach self-esteem and even self-actualization needs. The CEO has identified that the design stage can be very profitable, so it is highly important to make sure workers are creative and productive, otherwise *FH's* clothes in their retail shops may not sell well.

In *FH's* retail shops, the person in charge of retail strategy may want processes (such as how customers are served) established in a particular way. Workers could be paid commission on the value of clothes they sell, which can motivate sales staff to work harder (Taylor's notion of differentiated piece rate). Another example is when clothing items are put onto shelves in the shops, *FH* may want jeans or shirts folded and displayed in a specific way. The store design and where clothes should be placed is usually decided by Head Office, and probably designed using a computer design system, so retail workers do as they are instructed.

While general guidelines will be given (for example how to begin a conversation with customers or giving advice to customers), each interaction will be different. Therefore, *FH's* retail workers should have been given sufficient training so they can use their professional judgement to ensure customers are happy as well as how to handle customer complaints. Fashion retail shops tend to hire young people, but they may not like working under a strict regime of scientific management. Hence, *FH* could instead introduce other motivation theories such as F. Herzberg's, who believed motivators such as achievement or responsibility may motivate better.

In conclusion, Taylor's motivation theory has some value at the start of the design and selling (retail) processes, where specific and general guidelines are given to *FH's* factory workers. However, highly educated, skilled, or driven workers will want to have more ownership over how they do their jobs.

Top Tip: examiners sometimes use different words but are asking students to follow the same steps when answering an extended response question. For example, the command term "Discuss" in this question could be replaced by "Evaluate". As a 10-mark question, students need to provide balanced response to be awarded more than half of the marks available. Students must also acknowledge the limitations of the information in the stimulus material / case study in order to access the top mark band.

The International Bank of Bangkok (IBB)

The International Bank of Bangkok (IBB) employs 1,700 workers at its branches and offices across Thailand. Whilst men hold the majority of managerial positions at *IBB*, 92% of all other positions are held by women. Pai Thongsuk, the Director of Human Resources at *IBB*, is thinking of ways to improve labour productivity. He recently read in a scientific academic journal that women’s brains may work better at higher temperatures than what is the norm at *IBB*, whereas men’s brains work better when the temperature is cooler. At higher temperatures, women performed better at mathematics and verbal tasks while the reverse was true for men. Male workers at *IBB* are expected to wear suits and ties, as well as long sleeve shirts. The average day-time temperature in Thailand is over 30°C (86°F).

(a) Apply Herzberg’s “hygiene factors” to the situation at *IBB*. [4 marks]

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(b) Explain how Herzberg’s “motivators” can be used to ensure more women enter managerial positions at *IBB*. [4 marks]

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(c) Using the above information, apply Maslow’s motivation theory to workers at *IBB*. [4 marks]

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Answers

The International Bank of Bangkok (IBB)

The International Bank of Bangkok (IBB) employs 1,700 workers at its branches and offices across Thailand. Whilst men hold the majority of managerial positions at *IBB*, 92% of all other positions are held by women. Pai Thongsuk, the Director of Human Resources, is thinking of ways to improve labour productivity at *IBB*. He recently read in a scientific academic journal that women's brains may work better at higher temperatures whereas men's brains work better when the temperature is cooler. At higher temperatures, women performed better at mathematics and verbal tasks while the reverse was true for men. Male workers at *IBB* are expected to wear suits and ties, as well as long sleeve shirts. The average day-time temperatures in Thailand averages over 30°C (86°F).

(a) Apply Herzberg's "hygiene factors" to the situation at *IBB*. [4 marks]

Herzberg believed that hygiene factors, by themselves, will not motivate workers but can lead to dissatisfaction. At *IBB* the main concern may be that the majority of staff are women who are working in conditions that are too cold and may mean they are not being as productive as possible. To a lesser extent, some men may not like wearing a suit every day in a hot climate. One solution could be for *IBB* to introduce a rule which says temperatures at the bank branches and offices must be set at a certain level which will see women's productivity improve. In case men get too hot to work productively, they could be allowed to wear short sleeved shirts. Those not directly in contact with customers may be allowed to wear short sleeved shirts. Those not directly in contact with customers may be allowed to wear short sleeved shirts. Those not directly in contact with customers may be allowed to wear short sleeved shirts. Those not directly in contact with customers may be allowed to wear short sleeved shirts.

(b) Explain how Herzberg's "motivators" can be used to ensure more women enter managerial positions at *IBB*. [4 marks]

Herzberg believed "motivators" get employees working because they enjoy the work as there is an intrinsic value to them. At *IBB*, this may be linked to women having a sense of achievement, enjoying their jobs, being recognized as doing a good job, or having the opportunity to be internally promoted. There are more than 15,000 women working at *IBB* but they are underrepresented in senior positions so *IBB* should review and revise the appraisal process to create better career paths otherwise female workers at the bank may seek careers elsewhere.

(c) Using the above information, apply Maslow's motivation theory to workers at *IBB*. [4 marks]

Maslow's hierarchy of needs theory of motivation has 5 levels, moving from basic needs through to self-actualization. Given men are in senior positions at *IBB*, they are more likely to be able to reach esteem needs (confidence, achievement, and being respected) and perhaps a few are able to reach self-actualization where they feel they are able to reach their potential.

However, as most women are at junior levels at *IBB*, they may not feel the same level of achievement, so they might only be at the level of love and belonging needs if they feel a sense of teamwork and collegiality at work. *IBB* should consider additional ways in which more women are able to meet their higher-order needs, such as providing female colleagues with off-the-job training opportunities and prospects for job enrichment.

Top Tip: some students may draw Maslow's hierarchy of needs for this question. This may be rewarded by the receiving up to 2 marks out of 4 (for showing some understanding). However, there is no need to draw the hierarchy of needs. Instead, to receive full marks, the student needs to fully apply the model to *IBB*.

Robinson's Ketchup (RK)

Robinson's Ketchup (RK) employs 50 workers, 45 of whom are male. Kylie has worked at the *RK* factory for 7 years. During this time, she has not taken a single day off due to illness, and has had very positive appraisals. She has been keen to be carry out various jobs in the factory. However, when opportunities for promotion have arisen, Kylie feels she has been overlooked. During interview debriefs with the factory manager, Kylie has been told that she interviewed well but there was always a "more suitable candidate" for the promotional post. The promotions have tended to go to people who have been at *RK* for a shorter time period than Kylie. When Kylie has ideas to improve how something is done inside the factory, quite often her idea is introduced but then it seems that the factory manager takes credit for the idea! Although Kylie is quite well paid and enjoys her work, the opportunity for social interaction with other staff members is minimal. She wonders if she will ever get the chance for a promotion at *RK*, so is considering whether it is now the right time to leave.

(a) Using the equity theory of John Adams, identify **four** of Kylie's inputs at *RK*. [4 marks]

Input 1

Input 2

Input 3

Input 4

(b) Explain how Adams' equity theory can be applied to Kylie's case to show why she is demotivated working at *RK*. [4 marks]

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(c) Explain why Kylie appears to be intrinsically motivated at *RK*. [4 marks]

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Answers

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(a) Using the equity theory of John Adams, identify **four** of Kylie's inputs at *RK*. [4 marks]

- Kylie has been dedicated to *RK* for the past 7 years, so has shown loyalty to the business as an employee.
- She has not had a sick day during these 7 years.
- She has provided many good ideas to the factory manager.
- She has been willing to be rotated around the factory (being keen to be carry out various jobs in the factory).

(b) Explain how Adams' equity theory can be applied to Kylie's case to show why she is demotivated working at *RK*. [4 marks]

Adams believed motivation is closely linked to inputs and outputs. If the inputs are higher than the outputs, then the worker will be demotivated. However, if outputs are higher than inputs then the worker is more likely to be motivated. The case study shows that Kylie believes her inputs (such as not having had a sick day in the last 7 years) have not been matched by the outputs (for example, the factory manager does not recognize her ideas when they are successfully introduced but instead claims them as his own and the fact that she has been overlooked for promotional jobs that she has applied for). The imbalance (inequity) can be seen through Kylie considering applying for jobs at other organizations.

Top Tip: Do not give theoretical answers to the above type of question. Make sure to use the case study materials in your answer and that this is clearly related to the theory.

(c) Explain why Kylie appears to be intrinsically motivated at *RK*. [4 marks]

Intrinsic motivation occurs when someone gets enjoyment or satisfaction from doing work, rather than working *because* of any financial reward. For example, Kylie seems to enjoy her work as she has been rotated into other jobs without complaint and seems to have been successful at learning new skills in her job at the factory. Kylie has had positive appraisals which suggests the factory manager agrees she has met her set targets. She has also shared ideas with the factory manager; a sign that she is confident that her suggestions can be implemented to improve the operations at *RK*. Kylie is keen to be promoted within the organization, which is a sign that she is intrinsically motivated by working at *RK*.

Top Tip: At the start of this answer, it is important to show a clear understanding of intrinsic motivation. It is important that your answer is not presented as a list of points without explanations. If a candidate simply lists how Kylie appears to be intrinsically motivated, without giving an explanation in the context of the case study, then the number of marks received for this question would be 1 or 2 marks at best.

Wounded Warriors (WW)

Wounded Warriors (WW) is a non-profit organization aimed at helping ex-service people (those who served in the army or navy) who were injured in action and have had issues of mental health as they try to rejoin civilian life. *WW* has helped over 1,000 ex-service people to secure employment opportunities.

Jeff Keith lost an arm in combat. He joined *WW* as an intern and has since worked his way up to become the chief executive officer (CEO), leading 4 other full-time workers and a revolving group of interns and volunteers. When opportunities arise, Jeff Keith talks at great length about *WW*'s mission and values as well as the experiences of the many people the organization has helped.

Mentoring plays a key role in ensuring that new interns and volunteers at *WW* integrate quickly. Workers spend a large amount of time working on individual cases, often outside regular working hours. Although the work is very intense, it is immensely rewarding. *WW* is privately funded, through donations and fundraising events, although salaries are below the industry average.

(a) Explain **one** non-financial motivator that can be applied to *WW*. [2 marks]

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(b) Apply McClelland's acquired needs theory to *WW*. [6 marks]

Achievement

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Power

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Affiliation

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Answers

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(a) Explain **one** non-financial motivator that can be applied to *WW*. [2 marks]

- Job enrichment would mean that Jeff Keith focuses more on mentoring volunteers and new interns, as well as making their work more challenging.
- Job rotation may mean Jeff Keith rotates the interns around each of the 4 different full-time workers as each is likely to have different skill sets. In this way, the intern finds out more about the various aspects of the operations at *WW*.

(b) Apply McClelland's acquired needs theory to *WW*. [6 marks]

Achievement

People who are motivated by achievement need challenging, but not impossible, projects to work on. Working with *Wounded Warrior* cases is likely to be challenging but workers may well see gradual improvements in those they work with. In such cases, these workers will feel a genuine sense of achievement. There may be times when they fail, yet *Wounded Warrior* workers are likely to thrive on overcoming difficult problems or situations. People motivated by achievement tend to work very effectively alone which *Wounded Warriors* workers often have to do.

Power

Those with a high need for power work best when they are in charge, which can be good for *Wounded Warrior* workers as they work closely with clients and have to making difficult decisions which influence others. They do well with goal-oriented projects, the goal of *WW* being to get ex-service people to reintegrate and have a positive role in society.

Affiliation

People motivated by affiliation work best in a group environment, so this may not be suitable for *Wounded Warrior* workers who work with clients on individual cases. Jeff Keith, as the CEO of *Wounded Warriors*, may feel more affiliation as he will lead group meetings with all the workers, volunteers, and interns such as when he gets opportunities to talk about the mission statement of the organization.

Top Tip: Always try to use relevant aspects of the case study which are clearly related to appropriate Business Management theories. Many students tend to read the above question as "Write about McClelland's acquired needs theory", but this would not meet the demands of the specific question. Doing so would mean gaining only about half of the available marks for the question.

The Matrix

The Matrix is an entertainment group based in the Campbell Islands, a small group of islands in Asia. The company has seen its empire of newspapers, magazines, television channels, and radio go into long term decline. The business is profitable but the share price has fallen by 70% from its peak.

The Matrix has been approached by *Let's Entertain (LE)*, one of the world's largest streaming services which has a reputation for creating films and original content that is enjoyed by 240 million subscribers. Around 70% of *LE's* subscribers live in North America and Europe. *LE* believes it can add 50 million subscribers in Asia in the next 7 years but will need to create original content which appeals to consumers in the region. *LE* would like to form a joint venture with *The Matrix* to create such content. The agreement would involve *LE* granting independence to *The Matrix* to create between 80 to 100 hours of content each year.

Shazia Khan from *The Matrix* has been appointed to take charge of developing streaming content. Shazia wants a diverse range of content to be developed with key employees being able to work across a wide range of projects at the same time. Whilst many of the projects may be entertainment-based series or feature-length movies, Shazia would also like to encourage local documentary makers to create content on social issues which resonate everywhere, not just in Asia.

- (a) Outline how Shazia Khan could use a matrix structure to generate content. [2 marks]

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- (b) Discuss whether Deci & Ryan's self-determination theory is an appropriate model for Shazia to use to help create the original content. *(You can continue your answer on a separate sheet).* [10 marks]

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Answers

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(a) Outline how Shazia Khan could use a matrix structure to generate content. [2 marks]

A matrix structure exists in an organization where there are multiple teams working on a range of projects often reporting to a different number of leaders at the same time. Shazia Khan could have many projects for the streaming content at different stages, such as preparing scripts for different series, movies, or documentaries, through to final editing. So, for example, an employee who does editing work could be working a number of different projects at any one time.

(b) Discuss whether Deci & Ryan's self-determination theory is an appropriate model for Shazia to use to help create the original content. (You can continue your answer on a separate sheet). [10 marks]

Deci & Ryan's self-determination theory suggests humans have 3 basic psychological needs – autonomy, competence, and relatedness. These needs should be met if workers are to be motivated and thus reach their potential. Such motivation is likely to be intrinsic rather than extrinsic.

- **Autonomy** refers to a worker feeling they have authentic choice and control over their actions and work. The opposite experience is feeling compelled or controlled in one's behaviour to accomplish a task.
- **Competence** refers to the experience of mastery and being effective in one's job.
- **Relatedness** refers to the need to feel connected and having a sense of belongingness with others.

For Shazia to create up to 100 hours of content per year across a wide range of topics (such as documentaries or even action movies and animations) means various project teams will need to be created with the necessary skills and experiences to generate content that appeals to a broad audience. Bringing like-minded and creative personnel together helps to meet the need of relatedness.

Creating documentaries that address important social or environmental issues may help to provide some degree of autonomy for many people involved in the projects. This is particularly applicable to the producers and directors who have more influence on the direction of their film productions.

The development of movies requires many skilled people to be involved. With rapid advances in technology, such as the use of artificial intelligence in the industry, there is scope for new skills to be learnt, as well as developing existing ones. Such engagements help to improve competence needs.

However, *LE* is a streaming service which receives payments from subscribers to create entertaining and informative movies, documentaries, and other content. *LE* is likely to want to earn a profit from the joint venture. Hence, *LE* is likely to have guidelines for the creation of content which relates to budgets and forecasts for break-even points for each project. As it wants to have an extra 50 million subscribers in Asia within the next 7 years, this may limit the types of projects Shazia actions. This means, to a certain extent, that producers, writers, and directors may have less autonomy over which types of projects they work on. A lot of content may be driven by the need to deliver large viewing numbers. A limitation of the case study is that it does mention the levels of autonomy available to all levels of those in film making. Also, to what extent is personal autonomy possible when there are external deadlines, confined budgets, or hierarchical structures in place?

Worksheet 23
2.4 Labour Turnover - Kitchen Fit (HL only)

Kitchen Fit (KF)

Alexis Harris is the CEO of *Kitchen Fit (KF)*, a large multinational manufacturer of kitchen equipment. She has become aware that there are human resource problems at some of the company's factories as shown by its labour turnover rates. *KF* was founded in the United States but outsourcing to other countries has led to the closure all of its factories in the USA.

Table 1 – Comparative data for *KF*

	China	Canada	Spain	Brazil	Sri Lanka
Average number of workers during the year	2,000	650	800	1,200	560
Average number who left during the year	450	385	125	550	220
Industry average labour turnover (years)	3.2	2.7	4.7	3.1	5.6

(a) State **two** reasons why workers may have left *KF*. [2 marks]

Reason 1

Reason 2

(b) Using the information in Table 1, calculate the time needed to replace the existing workforce in each of the **five** countries that *KF* operates in (show your working). [5 marks]

China

Canada

Spain

Brazil

Sri Lanka

(c) Using the information above, explain whether labour turnover is an issue that Alexis Harris should be concerned about. [6 marks]

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Worksheet 23
2.4 Labour Turnover - Kitchen Fit (HL only)

Answers

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Industry average labour turnover (years)	3.2	2.7	4.7	3.1	5.6

- (a) State **two** reasons why workers may have left *KF*. [2 marks]

Possible reasons could include: retirement, dismissal, or new job opportunities elsewhere.

- (b) Using the information in Table 1, calculate the time needed to replace the existing workforce in each of the **five** countries that *KF* operates in (show your working). [5 marks]

China $(2,000 / 450) \times 100 = 4.44$ years (or approximately 4 years and 5 months)

Canada $(650 / 385) \times 100 = 1.69$ years (or approximately 1 year and 9 months)

Spain $(800 / 125) \times 100 = 6.4$ years (or approximately 6 years and 5 months)

Brazil $(1,200 / 560) \times 100 = 2.14$ years (or approximately 2 years and 2 months)

Sri Lanka $(560 / 220) \times 100 = 2.55$ years (or approximately 2 years and 7 months)

- (c) Using the information above, explain whether labour turnover is an issue that Alexis Harris should be concerned about. [6 marks]

Alexis will be interested in the information in two ways: comparing the data for *KF* factories country by country and to the industry average in each country. She will be aware that labour turnover is inevitable (such as workers retiring, finding new jobs, etc.) and this can actually be good for *KF* as new ideas can be brought in by incoming workers. However, high labour turnover is an issue as there are recruitment costs, plus workers take time to get up to speed in a new job and may even slow down quickly once they know they are leaving the organization. This may negatively impact productivity and customer service.

Alexis will notice Canadian workers leave quickest (with a turnover rate of over 59.23%, this means the average worker stays for less than 2 years). In contrast, Spanish workers stay the longest (over 6 years on average). The average across the five factories is about 3 years and 5 months. As the CEO, Alexis will want to find out why Canadian workers are leaving so frequently and whether this is within the control of *KF*, such as the lack of training or opportunities for promotion, for example. She may also want to find out why Spain has relatively low labour turnover and what can be learnt from this. If labour turnover is low because there is high unemployment in Spain, this is may be less irrelevant but if workers are highly motivated by local managers or incentives, then this could be used in *KF*'s Canadian factories.

KF's labour turnover is lower in Spain and China, so the CEO may be more concerned with the reasons for the higher figures for the factories in Sri Lanka, Brazil, and Canada as there could be local problems that *KF* needs to identify and solve. For example, Alexis may also want to identify successful manufacturers or rival companies in the industry to establish some of the reasons behind the data.

Top Tip: the above answer repeatedly uses the case study materials and makes judgements regarding Alexis' possible concerns about labour turnover at *KF*. Application is important for such an answer. The start of the answer should demonstrate clear knowledge of labour turnover.

Castle Rock International School (CRIS)

Castle Rock International School (CRIS) is a consortium of schools made up of 3 kindergartens, 4 primary schools and 4 secondary schools (offering IGCSE and IB courses). There are 8,000 students and 1,000 teachers at CRIS. Teachers are employed on 2 year contracts, which can be renewed by mutual consent.

The retirement age for public sector workers in the country is 65. CRIS is considering introducing its own policy on the retirement age being 60 (as the government allows private organizations to have their own retirement age policy). This is mainly because healthcare insurance costs, which is provided for all CRIS teachers, rises dramatically for staff over the age of 60. In addition, older teachers tend to be paid more due to their teaching experience. The CEO for CRIS thinks younger teachers are more likely to get involved in after school extra-curricular activities such as competitive team sports. The parents are against this move, as they believe it will be counterproductive and jeopardize CRIS's reputation of getting the highest set of exam results in the region. Parents are also concerned about the state of the sports, computing, and performing arts facilities at CRIS.

Table 1 – CRIS internal information about staffing

Teachers by age group	22-29	30-39	40-49	50-59	60-65
% of total staff	21	26	18	22	13
Average years of service at CRIS	3.1	5.3	6.9	8.7	11.2
Average number of days absent per year	5.3	3.6	3.7	3.8	4.7
Average total compensation*	\$43,000	\$58,000	\$67,000	\$62,000	\$59,000

* This includes salary, flights, insurance, housing, and free education for up to 2 children.

- (a) Define the term *labour turnover*. [2 marks]

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- (b) Evaluate whether CRIS should introduce its own policy on the retirement age being 60 (you may want to prepare a Lewin's force field analysis for change on a separate sheet of paper). [10 marks]

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Worksheet 24
2.4 Labour Turnover - Castle Rock International School (HL only)

Answers

Table 1 – CRIS internal information about staffing

Teachers by age group	22-29	30-39	40-49	50-59	60-65
% of total staff	21	26	18	22	13
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Average number of days absent per year	5.3	3.6	3.7	3.8	4.7
Average total compensation*	\$43,000	\$58,000	\$67,000	\$62,000	\$59,000

* This includes salary, flights, insurance, housing, and free education for up to 2 children.

(a) Define the term *labour turnover*. [2 marks]

Labour turnover refers to the movement of workers into and out of CRIS, and is calculated as the number of workers leaving each year / average number of workers employed during year * 100 to give a %.

(b) Evaluate whether CRIS should introduce its own policy on the retirement age being 60 (you may want to prepare a Lewin's force field analysis for change on a separate sheet of paper). [10 marks]

Teachers older than 60 are more expensive to employ than those between the ages of 22-29 by \$16,000 per person each year. As CRIS employs 130 older teachers if they were retired at 60, this would save CRIS \$2,080,000 per year. The CEO could tell parents this money will be used to improve the school's sports, computing, and performing arts facilities which may convince many parents this proposed policy is a good idea. Younger teachers may also bring a lot of new ideas to their teaching which makes lessons and learning more engaging for students. They may also be better equipped to use new learning technologies in schools.

However, the oldest group of teachers at CRIS are less expensive than those in the 40-59 age groups perhaps because their children have left CRIS and gone onto university (so no longer qualify for education allowance at the school). Whilst they take more time off than the average teacher in the 30-59 age groups, they have less time off than younger teachers aged 22-29. While teachers in the youngest group may bring new ideas, older teachers have experience and perhaps carry less risk, so they can be trusted to do a good job especially with examination year groups studying IGCSE and IB curricula. The average teacher in the 22-29 group only stays for 3.1 years, which suggests half leave after 1 contract. This would also mean that CRIS has to spend a lot of money recruiting and training new teachers. Teachers in the 60-65 year old age group have been at CRIS for an average of 11.2 years, so may have good relationships with parents and are probably very knowledgeable in their subject areas so need less training. Parents of IB or IGCSE students may be angry if a teacher leaves because of their age rather than the ability to do a good job.

Illustrative example of Lewin's force field analysis for CRIS

Driving forces	Total	Should CRIS make the retirement age 60?	Restraining forces	Total
Saves money	5		Loss of teaching experience	4
Introduce new ideas	3		Discontented parents	5
Use money to pay for the new facilities	3		Cost of replacing teachers due to increase in labour turnover	3
	11			12

In conclusion, as the restraining forces outweigh the driving forces, CRIS should not introduce a compulsory retirement age policy. Furthermore, as the school issues 2-year contracts to all teachers, it creates the flexibility to offer older teachers a new contract after 60-years old so long as they are doing a good job and only have a few days absent each year. There are significant recruitment and training costs for new teachers who leave soon after, meaning another school benefits from hiring them. Whilst there may be short term cost savings, the impact on quality teaching staff may be larger which may hurt the ability of CRIS to attract students in the long run. A limitation of the case study is we have no information on how well older teachers do their job versus the younger teachers.

Top Tip: it is important to provide balance for 10 marks questions. Without balance students will struggle to gain more than 5 marks, even for a well written answer which uses case study materials and appropriate terminology.

Worksheet 25
2.4 Appraisal Hair and Body (HL only)

Hair and Body (H+B)

H+B has 170 stores worldwide selling a range of beauty products. H+B employs 2,500 people. Each store has a manager, an assistant manager, and 10 workers. The rest of H+B's employees are involved in distribution or administrative work. Under its previous management, H+B assessed workers using an inspection system, but the new management team have proposed the use of a 360-degree **appraisal** system.

- (a) Define the term **appraisal**. [2 marks]

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- (b) Explain **two** characteristics of an effective appraisal system. [4 marks]

Characteristic 1

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Characteristic 2

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- (c) Explain **one** benefit to H+B's employees of having an appraisal system. [2 marks]

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- (d) Outline **two** reasons for and **one** reason against H+B introducing 360-degree appraisal. [6 marks]

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Worksheet 25
2.4 Appraisal Hair and Body (HL only)

Answers

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(a) Define the term **appraisal**. [2 marks]

Appraisal is generally a non-threatening review of the performance of an employee in terms of meeting pre-agreed targets or objectives. At H+B, store managers would appraise their assistants and the workers in each store.

(b) Explain **two** characteristics of an effective appraisal system. [4 marks]

- They are not directly linked to bonus payments as this can demotivate people if one of H+B's store worker gets a bonus and others do not. Arguments may otherwise occur regarding how employee objectives were set and store morale may suffer.
- A good appraisal system should be simple to administer, otherwise H+B's senior management team may worry that they have to oversee the appraisal system of 13 people at each store, which may entail excessive paperwork and meetings during the process.
- Appraisals are intended to be positive and led by line managers at H+B. Discussions should therefore happen in a professional and collegial way.
- As the appraisal is aimed at raising the performance of all H+B's workers, an effective system would encourage honest feedback and reflections about areas for improvement.

(c) Explain **one** benefit to H+B's employees of having an appraisal system. [2 marks]

- It may help to identify possible career paths at H+B and the line manager can then guide and support the worker to ensure they move towards this goal.
- If H+B workers identify areas to improve, then they will be more inclined or motivated to work towards reaching the goal. Such empowerment can improve people's self-esteem and sense of achievement.

Top tip: Read questions carefully. Many students will look at the above question and read it as "Explain one benefit to H+B of appraisals" or "Explain one benefit of appraisal".

(d) Outline **two** reasons for and **one** reason against H+B introducing 360-degree appraisal. [6 marks]

A 360-degree appraisal happens when employees, managers, and other stakeholders (such as customers) are given the opportunity to make comments on the appraisee. Points for consideration could include:

- It provides the management of H+B with a larger range of views for the appraisal process.
- It also encourages self-reflection and self-awareness in order for workers to improve their skills set.
- It can create an open and trusting organizational culture due to transparent and open communications throughout the appraisal process.
- It creates greater accountability as more people are involved in the process of appraising any particular employee across H+B's 170 stores.
- However, this means the appraisal system is more complicated to administer than the usual top-down appraisal methods.
- It can also be rather intimidating for employees and managers as workers would be involved in the appraisal of their line managers. Results and feedback may therefore not be representative.

Top tip: For 6-mark questions like this one, it is important to make clear use of the case study and appropriate Business Management terminology throughout the response. The following answer may only get 2 - 3 marks as it shows knowledge and some application of 360-degree appraisal but not reasons for and against:

"360-degree appraisal happens when employees and others are given the opportunity to make comments on their supervisor or immediate line manager. As each store at H+B has about 10 workers, 1 assistant manager, and a manager, the manager could be appraised by the workers and their assistant. Perhaps the manager of the shopping mall where the H+B is located could be involved, as well as some customers."

Electronic Madness (EM)

George Pelecanos has worked for two years at *Electronic Madness (EM)*, a retailer that sells electronic products at low prices. George thinks he has been doing a good job as he receives good commission payments each month. However, he is unsure whether the store manager knows that he is doing a good job. *EM* uses a system of **self-appraisal** where George comes up with some objectives for areas of the job that he can improve. The store manager has typically had a 2-minute meeting to agree with the objectives and checks in with George at the end of the year to confirm whether the targets have been met.

George feels that this is very much an administrative task for the store manager, who frequently praises him for the job he is doing. George enjoys his job, but would like to progress in his career at *EM*. He is unsure how he can use the appraisal system to identify areas in need of improvement.

Employee retention is a key aspect of human resource planning at *EM*. All employees recently received an email from *EM*'s human resources department asking for ways in which the firm can improve in order to better meet the needs of its employees.

(a) Define the term *self-appraisal*. [2 marks]

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(b) Describe **one** benefit to workers like George of a self-appraisal system. [2 marks]

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(c) Outline **three** methods by which *EM* could improve its appraisal system. [6 marks]

Method 1

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Method 2

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Method 3

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Answers

Electronic Madness (EM)

George Pelecanos has worked for two years at *Electronic Madness (EM)*, a retailer that sells electronic products at low prices. George thinks he has been doing a good job as he receives good commission payments each month. However, he is unsure whether the store manager knows that he is doing a good job. *EM* uses a system of **self-appraisal** where George comes up with some objectives for areas of the job that he can improve. The store manager has typically had a 2-minute meeting to agree with the objectives and checks in with George at the end of the year to confirm whether the targets have been met.

George feels that this is very much an administrative task for the store manager, who frequently praises him for the job he is doing. George enjoys his job, but would like to progress in his career at *EM*. He is unsure how he can use the appraisal system to identify areas in need of improvement. Employee retention is a key aspect of human resource planning at *EM*. All employees recently received an email from *EM*'s human resources department asking for ways in which the firm can improve in order to better meet the needs of its employees.

(a) Define the term *self-appraisal*. [2 marks]

This is an appraisal system whereby an employee or manager conducts their own performance review. It requires objective reflections and consideration of one's own strengths and weaknesses (areas for improvement), achievements, and areas for professional growth and development.

(b) Describe **one** benefit to workers like George of a self-appraisal system. [2 marks]

George is perhaps the person best equipped to identify the aspects of the job he does well and where he can improve. As appraisals are linked to how an employee improves in their job, this should mean better goals which will improve George's productivity, motivation, and hopefully means he stays with *EM* longer.

(c) Outline **three** methods by which *EM* could improve its appraisal system. [6 marks]

- As the store manager does not seem to take the appraisal seriously, instead regarding the task as something that he just needs to do, the manager may need formal training so that he can guide and support George to work towards meaningful goals. This will also directly benefit *EM* in the long run.
- As George seemingly wants to set/achieve more meaningful goals, perhaps the problem is with *EM*'s appraisal system. Rather than it being wholly based on self-appraisal where George sets his own goals which may be superficial, unchallenging, or easy to accomplish, perhaps George and his manager need to come up with more meaningful targets that are linked to a summative appraisal.
- It is mentioned that employee retention is a key part of human resource planning at *EM*. George likes his job and wants to make progress at the company, so the appraisal system should allow such employees to identify what they need to do to advance their careers at the organization. The store manager needs to see value in this, so requires training as well. This is particularly important if the store manager is only concerned about his own store, rather than *EM* as a whole.

Other methods could include the following:

- *EM* could identify and benchmark its appraisal system with that of other similar organizations, in order to learn from and adapt its own appraisal practices for *EM*'s specific needs.
- *EM* should use the findings from their staff survey (asking for advice about *EM*'s HR policies and practices). From this feedback, the HR department should start planning how to improve its appraisal system, especially if there is a common complaint about the way appraisals are conducted at the company.

Top tip: "Outline" is a command term that many students are unfamiliar with. It means to give a brief account or summary of something. Therefore, "Outline" questions ask for short but clear responses.

VC Engineering (VCE)

Vivianne Campbell is the CEO of *VC Engineering (VCE)*. The company employs 750 people, of which 125 are managers with differing levels of responsibilities. Vivianne is concerned about the work of some of her middle managers. She has just read Tomas Chamorro-Premezic's book "*Why Do So Many Incompetent Men Become Leaders?*" The author argues that although men make up a majority of leaders in the corporate world, they underperform when compared with female leaders. Most organizations equate leadership potential with a handful of personality traits, like charisma, overconfidence, and narcissism. Chamorro-Premezic argues there is no link between confidence and competence. In other words, the traits which help someone get selected for a leadership role can backfire once the person gets the job. Vivianne is concerned that *VCE's* recruitment procedures may not be highly effective.

(a) State **four** stages in the recruitment process, other than interviews, at *VCE*. [4 marks]

(i)

(ii)

(iii)

(iv)

(b) Suggest **one** way that *VCE* can make interviews more fair and productive. [4 marks]

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(c) For leadership roles at *VCE*, interviews are the main method of deciding who gets the job. Discuss whether *VCE* should continue with this policy. (*You can choose to use a separate piece of paper to complete your answer*). [10 marks]

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Answers

Vivianne Campbell is the CEO of *VC Engineering (VCE)*. The company employs 750 people, of which 125 are managers with differing levels of responsibilities. Vivianne is concerned about the work of some of her middle managers. She has just read Tomas Chamorro-Premezic's book "*Why Do So Many Incompetent Men Become Leaders?*" The author argues that although men make up a majority of leaders in the corporate world, they underperform when compared with female leaders. Most organizations equate leadership potential with a handful of personality traits, like charisma, overconfidence, and narcissism. Chamorro-Premezic argues there is no link between confidence and competence. In other words, the traits which help someone get selected for a leadership role can backfire once the person gets the job. Vivianne is concerned that *VCE's* recruitment procedures may not be highly effective.

(a) State **four** stages in the recruitment process, other than interviews, at *VCE*. [4 marks]

Possible stages could include: Preparing the job description, Preparing the person specification, Job advertisement, and Shortlisting.

(b) Suggest **one** way that *VCE* can make interviews more fair and productive. [4 marks]

Suggestion 1 – *VCE* should try to ask similar questions to all candidates, although questions will be tailored to an extent by the candidate's unique answers to the questions as well as their own work experiences.

Suggestion 2 – It is important that the *VCE* interviewer(s) gets the best out of the interviewees, so may start the interview process with relatively easy questions to make the candidate feel relaxed and become engaged.

Suggestion 3 – Provide training for *VCE's* interviewers so they know how to conduct interviews more effectively and how to get the best out of their interviewees.

(c) For leadership roles at *VCE*, interviews are the main method of deciding who gets the job. Discuss whether *VCE* should continue with this policy. (You can choose to use a separate piece of paper to complete your answer). [10 marks]

Interviews are an important method to allow *VCE* to decide who gets leadership jobs within the company. Leaders need to be able to communicate effectively with those they manage, so being able to verbally express themselves with clarity is vital. Follow-on questions can be asked by a skilled interviewer to draw out the opinions of the interviewee. Body language is often very important in many jobs, so a face-to-face interview would allow a judgement to be made about an individual applicant. *VCE* can create common or core questions to ask all candidates and determine the ideal traits the firm is looking for from the candidates. To ensure the best people are recruited, perhaps 2 or 3 rounds of interviews need to take place so more people from the organization are involved in the process, thereby helping to reduce or remove potential bias from the recruitment process.

However, interviews may only identify that someone is charismatic and comes across as knowing what they are talking about (being self-confident) but does not prove they can really do the job – as was suggested in Tomas Chamorro-Premezic's book. Checking references from the candidate's current or previous employer is an important way of finding out about how successful someone has really been, but many references may be unduly positive and therefore not highly reliable. It may be of some value to *VCE* to use aptitude or personality tests which perhaps more clearly identifies the required traits (such as the ability to work with others or to work in a team) that *VCE* is looking for. This may be particularly important for senior engineering positions at the firm. Although expensive, the recruitment process is one of the most important functions in any organization, so some additional costs could be regarded as only a minor concern.

In conclusion, interviews are vitally important in the recruitment process for *VCE*, and may well be the dominant decider in who gets a position at the company. *VCE* could consider using various tests as this may give suitable applicants, but less charismatic or confident interviewees, a better chance. Some interviewers may need training or upskilling so they are able to overlook only charismatic job applicants called for interview, although some jobs like senior engineers will require people to be charismatic is part of the role.

Top tip: For a question which is asking "Discuss", students should use appropriate terminology, look at both sides of the argument, make clear use of the case study, and provide a substantiated answer or recommendation. Avoid writing answers that lack balance as this would limit the marks awarded.

Royal Derry Milk (RDM)

Royal Derry Milk (RDM) was founded 60 years ago by Damish Amalean who still runs the company with its operations throughout Asia. Now aged 85, his health has started to worsen. The Human Resources Director, Paul Smith, is concerned there is no formal human resource planning but is worried about raising this issue with Damish. In particular, Paul is concerned about succession planning for Damish.

Culture plays a big role in Asian businesses. Many Asian executives equate succession with mortality, and simply do not want to talk about it. Those who are willing to let go typically hand over power to family members, irrespective of whether the next generation deserves or wants it. The majority of firms in Taiwan and Hong Kong hand down their business to close family members. In Hong Kong, business empires tend to be tightly controlled by large, complex family networks that involve all members in the business, regardless of merit.

The tendency of Asian family firms to mismanage succession planning – by failing to do it or automatically appointing children – has serious financial consequences. Research has shown that the market value of family-run companies in Taiwan, Hong Kong, and Singapore showed an average decline of nearly 60% in the eight years after a change of Chief Executive Officer (CEO). Paul is concerned that Damish’s family members either have no interest in *RDM* or have performed poorly when they have worked for the business.

(a) Outline the importance of succession planning for *RDM*. [2 marks]

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(b) Describe how culture can affect succession planning in Asia. [2 marks]

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(c) Paul would like to present ideas to Damish for human resource planning at *RDM*. Suggest what should be included in the succession plan. [6 marks]

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Answers

Royal Derry Milk (RDM)

Royal Derry Milk (RDM) was founded 60 years ago by Damish Amalean who still runs the company with its operations throughout Asia. Now aged 85, his health has started to worsen. The Human Resources Director, Paul Smith, is concerned there is no formal human resource planning but is worried about raising this issue with Damish. In particular, Paul is concerned about succession planning for Damish.

Culture plays a big role in Asian businesses. Many Asian executives equate succession with mortality, and simply do not want to talk about it. Those who are willing to let go typically hand over power to family members, irrespective of whether the next generation deserves or wants it. The majority of firms in Taiwan and Hong Kong hand down their business to close family members. In Hong Kong, business empires tend to be tightly controlled by large, complex family networks that involve all members in the business, regardless of merit.

The tendency of Asian family firms to mismanage succession planning – by failing to do it or automatically appointing children – has serious financial consequences. Research has shown that the market value of family-run companies in Taiwan, Hong Kong, and Singapore showed an average decline of nearly 60% in the eight years after a change of Chief Executive Officer (CEO). Paul is concerned that Damish's family members either have no interest in *RDM* or have performed poorly when they have worked for the business.

- (a) Outline the importance of succession planning for *RDM*. [2 marks]

Succession planning is very important as it will mean the smooth running of *RDM* in case something happens to Damish Amalean or any of the other key directors of the business. If there is such a crisis, others need to know what to do; invoices need to be signed, orders need to be placed, wages need to be paid, and so forth. As mentioned in the stimulus material, poor succession planning at some companies has seen their market value go down by almost 60%.

- (b) Describe how culture can affect succession planning in Asia. [2 marks]

It might be an issue that workers (Paul Smith) are anxious about raising the issue of succession planning with the founder or owner (Damish Amalean) until it becomes too late and there is an important gap that needs to be filled. Even then, when succession planning is introduced, jobs often go to ill-suited family members, rather than to the person best suited for the job even if that means an external candidate.

- (c) Paul would like to present ideas to Damish for human resource planning at *RDM*. Suggest what should be included in the succession plan. [6 marks]

In the short-term, Paul could introduce succession planning to *RDM* in such a way that it is not specifically about Damish. Initially, Paul could use job descriptions and together with Damish build a profile for each of the top jobs at *RDM* just in case there is an emergency situation (such as long-term sickness or family bereavements) or key employees announce they are to leave the company. This would be a good way for Damish to value and understand how it will lead to the smoother running of the business.

Internal candidates who are suitable for promotional roles could be identified and then receive relevant training so that they are able to take on senior roles at *RDM*. This could be a source of job enlargement for members of staff and can motivate the workforce. So, when the employee's line manager is absent (perhaps attending off-the-job training or away on holiday), the suitably trained worker can fill in for the manager and also gain valuable experience about how to do the job, though strategic decision making is likely to be limited.

Such strategies can help Damish to recognize for himself that he needs to plan for his own succession as he may have ideas about internal, external, or family members who are appropriately suitable for the job. These methods could also be more effective than Paul speaking privately with Damish, since cultural reasons mean that he could be perceived to be overstepping the mark or even being disloyal.

Top tip: This is a very open question. Although succession planning is not explicitly on the syllabus, aspects of recruitment and human resource planning can be introduced in the answer. "Suggest" as a command term does not ask the student to show balance, but to provide reasons for how external recruitment could be further introduced at *RDM* to benefit the organization.

Derry International School (DIS) Internal Recruitment

Alvin Ong has been the Principal of *Derry International School (DIS)* for the past 20 years, overseeing its rapid growth. The primary school has grown from 200 students back then to 800 today. The secondary school has grown from 250 students to 1,200. *DIS* is one of the top schools in the city but is facing increased competition from other international schools. There are plans for *DIS* to open other campuses within the city. *DIS* currently offers the IB Diploma Programme, but there are plans to introduce more internationally recognized vocational courses, such as Travel and Tourism as well as Art and Design.

Alvin plans to retire at the end of his current contract in 2 years. He is aware there are many talented and loyal staff at *DIS* who could step into his job but wonders whether the school needs to look externally. The Head of Primary has been at the school longer than Alvin. The Head of Secondary has been in her position for 10 years. All of the 8 people on the senior leadership team (SLT) at *DIS* were recruited internally and have been at the school for an average of 14 years. **Labour turnover** at the school has always been low, which Alvin views as a strength of the *DIS* and its leadership. Although Alvin will not play a formal role in recruiting his successor, he has been told by the Chair of Governors that he will be expected to informally communicate the strengths and weaknesses of any internal candidate for his job.

(a) Students of pirateIB, define the term *labour turnover*. [2 marks]

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(b) Discuss whether *DIS* should recruit its next Principal internally. [10 marks]

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Answers

Derry International School (DIS) Internal Recruitment

Alvin Ong has been the Principal of *Derry International School (DIS)* for the past 20 years, overseeing its rapid growth. The primary school has grown from 200 students back then to 800 today. The secondary school has grown from 250 students to 1,200. *DIS* is one of the top schools in the city but is facing increased competition from other international schools. There are plans for *DIS* to open other campuses within the city. *DIS* currently offers the IB Diploma Programme, but there are plans to introduce more internationally recognized vocational courses, such as Travel and Tourism as well as Art and Design.

Alvin plans to retire at the end of his current contract in 2 years. He is aware there are many talented and loyal staff at *DIS* who could step into his job but wonders whether the school needs to look externally. The Head of Primary has been at the school longer than Alvin. The Head of Secondary has been in her position for 10 years. All of the 8 people on the senior leadership team (SLT) at *DIS* were recruited internally and have been at the school for an average of 14 years. **Labour turnover** at the school has always been low, which Alvin views as a strength of the *DIS* and its leadership. Although Alvin will not play a formal role in recruiting his successor, he has been told by the Chair of Governors that he will be expected to informally communicate the strengths and weaknesses of any internal candidate for his job.

- (a) Define the term *labour turnover*. [2 marks]

Labour turnover is the percentage of workers who leave an organization each year. It is calculated as:

$$\frac{\text{Number of workers who leave organization during the year}}{\text{Average number of workers in organization during the year}} \times 100$$

- (b) Discuss whether *DIS* should recruit its next Principal internally. [10 marks]

Internal recruitment means *DIS* would recruit its next Principal from the existing pool of teachers within the school. This can be good because staff can get promoted from within the organization, which can be motivating for teachers, such as the eight members of the SLT. It is also relatively inexpensive and less time consuming than using external recruitment. Furthermore, the internal candidate's strengths and weaknesses are known and they should fit into the job easily, e.g., the Head of Primary, Head of Secondary, and members of the senior leadership team have many years of experience working at the school. As Alvin is leaving in 2 years, a new internal appointee can be made who can be inducted easily before Alvin's official departure.

However, internal candidates may not be the best people for the job because they are already embedded in the school's culture so may not have new ideas to bring into the job. Internal candidates might struggle to compete with the new international schools in the city. Hence, it might need to rely on external recruitment.

External recruitment takes a longer time and is a lot more expensive than internal recruitment as job adverts need to be placed and shortlisting needs to occur, along with scheduling and conducting interview. However, this might be less of an issue as *DIS* knows Alvin will not leave for another 2 years. As more candidates are likely to apply for the Principal's job, perhaps from an international pool of applicants, perhaps a more experienced and suitable person can be found who may bring new ideas to *DIS* to help it compete more effectively and to introduce the new qualifications.

However, it may take an external candidate a longer time to settle in and there may be resentment from members of the SLT (internal applicants) who applied for the job but were not successful. These internal staff may even decide to leave and find new jobs as Principals in other schools, which would mean *DIS* loses the staff with the most experience.

As the board of governors at *DIS* knows that Alvin is leaving in 2 years and there are highly experienced internal candidates, this creates the opportunity to first try and give these staff the chance to be promoted to the position of Principal at the school and then for a thorough induction and handover process to take place. If a suitable internal candidate is not found, then *DIS* still has plenty of time to recruit an external candidate. A limitation of the case study is we do not know the strengths or weaknesses of various internal candidates which may help make a clearer judgement.

Top tip: Although the question mentions internal recruitment, there is an expectation that students also write about the strengths and weaknesses of external recruitment. Students should make clear use of the case study materials, eventually leading to a recommendation. Students are expected to highlight a limitation of the case study material in this type of question for 10 marks.

Worksheet 30
Wages Calculations – Quickfire calculations

- (a) For each item Amitabh produces, he gets paid 3.2 rupees. This week he produced 337 items. Calculate how much Amitabh paid this week. [1 mark]

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- (b) Calculate Bipasha’s net pay this month from the following information. [2 marks]

Gross pay (salary)		\$ 10,000
Less		
Income tax (30% of gross salary)		\$
Trade union fees per month		\$ 20
Net salary		\$

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- (c) The firm that Bipasha works at has announced each worker will receive part of its profit based on how long they have worked at the company. Each worker will receive \$1,000 for each year they have been at the firm. Bipasha has worked at the company for 10 years. Income tax is payable on the profit sharing.

Calculate Bipasha’s new net salary. [2 marks]

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- (d) Kareena is paid a base salary of \$200 plus 6% commission of the sales she makes at a clothes retail store. Calculate her gross pay if she manages to sell \$60,000 of fashion items this month. [2 marks]

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- (e) Explain **one** reason why the clothes store pays workers like Kareena by commission. [2 marks]

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- (f) Deepika is paid \$12 per hour. Her normal contracted working week is 40 hours. Any overtime she works is paid at double (twice) the normal hourly rate. Last week, Deepika worked 45 hours. This week, she worked 50 hours. Calculate her weekly gross pay for the past two weeks. [2 marks]

Week 1

Week 2

- (g) Priyanka is paid by piece rate. For the first 200 products she makes, she gets paid \$3 each. For the next 200 items, she is paid \$4 each. Anything over 400 items is rewarded at \$5 each. Calculate Priyanka’s gross pay if she produces 350 products in March and 750 in April. [2 marks]

March

April

- (h) Describe **one** advantage and **one** disadvantage of paying Priyanka by differentiated piece rate. [2 marks]

Advantage

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Disadvantage

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Worksheet 30
Wages Calculations – Quickfire calculations

Answers

- (a) For each item Amitabh produces, he gets paid 3.2 rupees. This week he produced 337 items. Calculate how much Amitabh paid this week. [1 mark]

$$337 \times 3.2 \text{ Rupees} = 1078.4 \text{ rupees}$$

- (b) Calculate Bipasha's net pay this month from the following information. [2 marks]

Gross pay (salary)	\$10,000
Less	
Income tax (30% of gross salary)	\$3,000
Trade union fees per month	<u>\$20</u>
Net salary	\$6,980

- (c) The firm that Bipasha works at has announced each worker will receive part of its profit based on how long they have worked at the company. Each worker will receive \$1,000 for each year they have been at the firm. Bipasha has worked at the company for 10 years. Income tax is payable on the profit sharing. Calculate Bipasha's new net salary. [2 marks]

Gross Pay (salary + profit sharing)	\$20,000
Less	
Income tax (30% of gross salary)	\$6,000
Trade union fees per month	<u>\$20</u>
Net salary	\$13,980

- (d) Kareena is paid a base salary of \$200 plus 6% commission of the sales she makes at a clothes retail store. Calculate her gross pay if she manages to sell \$60,000 of fashion items this month. [2 marks]

- 6% of \$60,000 = \$3,600
- Kareena's gross pay = \$200 + \$3,600 = \$3,800

- (e) Explain **one** reason why the clothes store pays workers like Kareena by commission. [2 marks]

Working in a clothes retail store and being paid a percentage of everything sold can help to motivate salespeople like Kareena. This is because the more she sells, the more her final pay will be each month.

- (f) Deepika is paid \$12 per hour. Her normal contracted working week is 40 hours. Any overtime she works is paid at double (twice) the normal hourly rate. Last week, Deepika worked 45 hours. This week, she worked 50 hours. Calculate her weekly gross pay for the past two weeks. [2 marks]

- Week 1 = (40 hours × 12 per hour) + (5 hours overtime × \$24) = \$480 + \$120 = \$600
- Week 2 (40 hours × 12 per hour) + (10 hours overtime × \$24) = \$480 + \$240 = \$720

- (g) Priyanka is paid by piece rate. For the first 200 products she makes, she gets paid \$3 each. For the next 200 items, she is paid \$4 each. Anything over 400 items is rewarded at \$5 each. Calculate Priyanka's gross pay if she produces 350 products in March and 750 in April. [2 marks]

- March = (200 × \$3 each) + (150 × \$4 each) = \$600 + \$600 = \$1200
- April = (200 × \$3 each) + (200 × \$4 each) + (350 × \$5 each) = \$600 + \$800 + \$1,750 = \$3,150

Top tip: Students should practise using a regular four-function calculator as they will not be allowed to use their smartphone in the final examinations. Use the calculator with care as marks can be lost for simple, but avoidable, mistakes.

- (h) Describe **one** advantage and **one** disadvantage of paying Priyanka by differentiated piece rate. [2 marks]

- An advantage is that differentiated piece rate can motivate Priyanka as her gross pay will increase very quickly when she reaches her performance targets.
- A disadvantage is that the quality of output may suffer as Priyanka focuses on producing more output to reach her targets.

King’s School (KS)

The principal of *King’s School (KS)* is keen to improve educational standards but is unsure how best to do this. He recently read a study which shows that offering large bonuses to teachers in the United States failed to raise students test scores. A group of 300 teachers started out in the study, with only half being eligible for the bonuses. It found that students whose teachers were offered bonuses of up to \$15,000 a year for improved test scores had the same gains on external exams as those whose teachers were given no incentives. The study looked only at individual bonuses, not extra pay given out to teams of teachers or an entire school.

The principal believes more research is needed. Teachers are often paid using a range of criteria, such as how long they have been in the profession, positions of responsibility at the school, or whether they have a Master’s degree. About 85% of a teacher’s salary is based on how long they have taught. Many workers in the private sector are used to having part of their pay linked to performance. Salespeople are paid **commission**. Factory workers are paid using piece rate, so can gain bonuses if production targets are met. Share options and profit related pay are common in the corporate world. The principal thinks the appraisal process at *KS* can be changed to set performance targets for teachers which could be linked to their pay.

(a) Define the term *commission*. *[2 marks]*

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(b) Explain **one** non-financial reward that *KS* could use to motivate its teachers. *[2 marks]*

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(c) Discuss whether *KS* should introduce performance-related pay for teachers (*you may complete the answer on a separate piece of paper*). *[10 marks]*

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Answers

King’s School (KS)

King’s School (KS) is an IB World School that caters for students aged between 5 and 18. The school principal is keen to improve educational standards but is unsure how best to do this. He recently read a study which shows that offering large bonuses to teachers in the United States failed to raise students test scores. A group of 300 teachers started out in the study, with only half being eligible for the bonuses. It found that students whose teachers were offered bonuses of up to \$15,000 a year for improved test scores had the same gains on external exams as those whose teachers were given no incentives. The study looked only at individual bonuses, not extra pay given out to teams of teachers or an entire school.

The principal believes more research is needed. Teachers are often paid using a range of criteria, such as how long they have been in the profession, positions of responsibility at the school, or whether they have a Master’s degree. About 85% of a teacher’s salary is based on how long they have taught. Many workers in the private sector are used to having part of their pay linked to performance. Salespeople are paid **commission**. Factory workers are paid using piece rate, so can gain bonuses if production targets are met. Share options and profit related pay are common in the corporate world. The principal thinks the appraisal process at KS can be changed to set performance targets for teachers which could be linked to their pay.

(a) Define the term *commission*. [2 marks]

Commission is a financial method of motivation paid when a salesperson receives a certain percentage or a flat amount as a bonus when they sell something. At KS, people who work in admissions may be paid by how many new students they manage to recruit to the school each year.

Top tip: Make sure your definitions are clear. Application of the case study materials is not required but has been included above for illustrative purposes.

(b) Explain **one** non-financial reward that KS could use to motivate its teachers. [2 marks]

- Teachers could be encouraged to work in teams. Teachers in the junior school are normally grouped by year and in the senior school by academic subjects, so working in teams could increase productivity as new ideas can be shared.
- Empowerment can be used. Teachers could be encouraged to develop new skills, for example, create podcasts, have their own YouTube channels, or create their own teaching and learning websites. This can help to increase their intrinsic motivation.

(c) Discuss whether KS should introduce performance-related pay for teachers (*you may complete the answer on a separate piece of paper*). [10 marks]

The study shows that paying teachers by educational results does not work. If this was introduced at KS, it may take a lot of time to implement and create a lot of controversy as teachers may not want certain students in their classes (if this were to bring down average grades, for example) and disagree about certain performance targets. Most teachers do not teach IB Diploma Programme subjects (which are externally assessed), so it may be difficult to get access to trusted standardized tests. As performance targets should be rigorous, this may mean a lot of teachers do not get their bonus which is then likely to demotivate and lead to a lack of teamwork and loyalty to the school. Other teachers, such as those in positions of responsibility like year level leaders (Heads of Year), would argue that their job is not related directly to exam results but to behaviour around the school and the general well-being of the students in their care. Hence, they would question objective measures of their productivity or contributions to the school.

However, the appraisal process can be used to provide meaningful SMART targets to ensure teachers are motivated. If a teacher wants to continue studying and get a Master’s degree, for example, KS could consider paying for at least some of the fees but require the teacher to remain in employment with the school during the process. Extra pay is used to entice teachers to management positions at KS. Although teachers have generally been paid by how long they have been in the job, if KS uses a 20-point pay scale this may demotivate teachers as it takes a long time to reach the top. Hence, having a smaller pay scale may help younger teachers. Non-financial motivators, like empowerment, may give teachers a chance to gain more job satisfaction.

In conclusion, until more research is done on paying teachers by performance, it may be pragmatic for KS not to introduce performance-related pay. Encouraging teachers to continue learning (continuous professional development) or moving into management positions, which brings extra pay, may motivate them better.

Employee Share Ownership - Best Price (BP)

Best Price (BP) is a leading retailer on the Campbell Islands, with 30 supermarkets and 250 convenience stores. *BP* employs 7,500 workers and is owned as a privately held company by the Amalaen family. Labour turnover is very low at *BP* and is well below the industry average. Findings from independent surveys of staff show they are happy with their work.

The Amalaen family is considering changing *BP*'s legal status to a publicly held company and would like to reward workers for their loyalty. There are a number of suggestions being put forward. Managers of the supermarkets are keen for financial rewards to be directly linked to each worker's performance. They are keen for each worker to be given targets linked to performance-related pay. Currently, workers are paid by **time rate**. The owners are keen on introducing an employee share ownership scheme. Managers claim that they are underpaid in comparison to competitors and are keen for a comprehensive range of fringe benefits to be introduced for them.

(a) Define the term *time rate*. [2 marks]

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(b) Explain **one** advantage and **one** disadvantage for *BP* if it introduces a comprehensive range of fringe benefits for its managers. [4 marks]

Advantage

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Disadvantage.....

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(c) Explain whether *BP* should introduce an employee share ownership scheme. [6 marks]

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Answers

Employee Share Ownership - Best Price (BP)

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(a) Define the term *time rate*. [2 marks]

Time rate is a type of financial payment where workers are paid an hourly rate with the weekly total wage being based on how many hours have been worked.

Total wage = Hourly wage × Number of hours worked per time period.

(b) Explain **one** advantage and **one** disadvantage for *BP* if it introduces a comprehensive range of fringe benefits for its managers. [4 marks]

- Advantage – It may reduce manager labour turnover as financial rewards packages offered by other supermarkets become less attractive. This would then reduce recruitment and induction costs for *BP* in the long run.
- Disadvantage – Although money is not actually paid to the managers, there is still a monetary cost of introducing the additional fringe benefit, e.g., free gym membership.
- Disadvantage – Workers who are subordinates to the managers are unlikely to respond well to this change, especially if their own fringe benefits are not improved or if they do not receive an increase in their base wage per hour.

(c) Explain whether *BP* should introduce an employee share ownership scheme. [6 marks]

The benefits of introducing an employee share ownership scheme include it being a potentially good way to reward workers as they will own a part of the company. This may make *BP*'s workers more motivated as they can see a direct link between their hard work and the outcomes, such as sales revenue and, more importantly, profit. If *BP* is successful, employees who hold shares can receive dividends (part of the profits that are distributed to shareholders), and the share price may go up. Some workers may enjoy the opportunity to take part in the voting process, deciding how *BP* is operated. Finally, it may encourage workers to remain loyal at *BP*, thereby retaining talent and reducing the costs associated with recruitment.

The limitations of introducing an employee share ownership scheme at *BP* include some workers being more interested in selling their shares to earn a quick profit, especially if they were initially provided to employees at a discount. This would void the purpose of having a share ownership scheme for employees and could even mean *BP* loses some control of the company. Not all *BP*'s employees may want to buy shares in the company as many supermarket workers may not have huge savings as wages are typically quite low. The share issue may therefore benefit *BP*'s managers rather than employees who form the majority of the workplace. *BP*'s workers may want a different form of reward, such as profit sharing, which carries less risk to them as the value of shares can go down over time.

Job Satisfaction Non-Financial Rewards (4 Day Week)

Derry is a small territory of 5 million people. Over 60% of workers are employed in the secondary sector, with most people being paid by piece rate. The Employment Department of Derry has just published a consultative document suggesting the country introduces a 4-day working week. To trial this idea, the Employment Department will move all of its 800 workers onto 4-day weeks from next year and try to establish whether there are any positive impacts on productivity, job satisfaction, and employee well-being. The financial rewards would remain the same. Some workers might also be able to work from home for up to one day per week.

Last year, food manufacturer *GfY* reported the results of its 4-day week trial, stating all 240 office workers experienced lower stress levels and higher levels of job satisfaction. Their research showed 88% of office employees were committed to their work, up from 68% the previous year, and 86% reported feeling **empowered** compared to 67% before. It was also reported that workers value non-financial motivators such as purpose, team working, and job rotation. Following the success of the trials, *GfY* announced it would be adopting the 4-day week on a permanent basis for office workers. There are some concerns in Derry that a 4-day working week would be very unpopular with businesses and it could be difficult to enforce. Many business owners need convincing that productivity would not be negatively affected.

(a) Define the term *empowerment*. [2 marks]

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(b) Explain **two** reasons why it might be difficult to convince business owners in Derry to support the 4-day week. [4 marks]

Reason 1

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Reason 2

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(c) Examine how non-financial motivators, such as purpose, team working, or job rotation, may affect job satisfaction in Derry. [6 marks]

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Worksheet 33
2.4 Job Satisfaction Non-Financial Rewards

Answers

- (a) Define the term *empowerment*. [2 marks]

Empowerment is the process of involving employees in the decision-making process by transferring decision making authority to enable those workers to actually perform relevant tasks to get the work completed. It is generally thought to help improve the motivation of workers by involving them more in the organization.

- (b) Explain **two** reasons why it might be difficult to convince business owners in Derry to support the 4-day week. [4 marks]

- As 65% of the workers are based in the secondary industry, if workers are performing tasks normally paid by piece rate, business owners may not believe it is possible to produce the same amount of output in 4 days rather than 5.
- There may be cultural issues that need to be considered. Employers still use Taylor's motivation methods, which means the managers decide how jobs are completed and direct employees. Moving to flexi-time or homeworking would move power towards the worker, away from managers. Employers and managers may not trust their workers to be able to work independently away from the place of work.
- The owners could point out that the trial was conducted in an office (and that people who work for The Employment Department of Derry presumably work in an office). It may be possible to introduce the 4-day week into their offices in Derry, but not necessarily in the factories as terms and conditions of employment will differ between the secondary and tertiary sectors of the economy.

- (c) Examine how non-financial motivators, such as purpose, team working, or job rotation, may affect job satisfaction in Derry. [6 marks]

Possible points for examination could include:

- Non-financial motivators are becoming more important to workers; today, work is not just about pay. Job satisfaction and the enjoyment of doing work could improve in Derry if non-financial motivators are introduced. Taylor's belief in workers doing what they are told to do is becoming an outdated management practice.
- Teamworking improves motivation as workers identify problems and solve them. This can increase motivation, but if factory workers do not have a history of doing this, it may take time to train and teach them how to work effectively in teams. *GfY's* move to a 4-day working week means greater empowerment perhaps because the time constraint meant they had to actively solve more problems in teams.
- Job rotation means workers in Derry's factories may be moved from one job to another during the week, so they learn new skills and stay interested in the job. This helps to improve job satisfaction. In the short-term, productivity may fall as they take time to learn new skills and carry out new job roles, but the level of motivation and productivity is likely to improve in the long run.
- Job enrichment involves managers supervising workers less, which is a possible issue in Derry where managers believe in Taylor's theory of rewarding most workers by piece rate. It involves giving more authority to workers. This might be possible with workers who show a lot of potential, but many workers may not show potential leadership qualities in the secondary sector, especially those in low-skilled jobs.
- In the short term, it may be culturally difficult to expect Derry's factory owners to move away from traditional motivation methods used in the workplace. However, in the longer term as more service businesses operating in the tertiary sector introduce flexible working practices, this is likely to make its way in some form into Derry's factories.

Top tip: This mark scheme provides some examples for students to consider. Students could also write about job enrichment or job enlargement and their impact on job satisfaction for workers in Derry.

Coffee First (CF)

Byron Trumbo is the chief executive officer (CEO) of *Coffee First (CF)*, with a workforce of almost 1,000 people. He is becoming concerned about the level of customer service at *CF* after reading negative customer complaints online. Byron believes a highly motivated workforce is the secret to *CF*'s success. He is aware from his MBA studies that there is a positive correlation between engaged workers and a company's level of customer satisfaction, productivity, retention of workers, and profitability. He read that the most important factors in worker engagement are whether workers understand what is expected of them, feel they are surrounded by supportive co-workers, and believe they are recognized when they perform well. Byron prefers to hire inspired workers who care about what they do, rather than those who just come to work passively. He worries that *CF*'s workers are doing overly repetitive tasks such as making and serving coffee and cleaning tables. Byron would like his workers to be more flexible and creative, but this may be difficult to implement at *CF*. He is considering whether to undertake an employee engagement survey with all employees.

(a) Outline how F.W. Taylor's theory of motivation could apply to workers at *CF*. [2 marks]

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(b) Using any other motivation theory, explain how Byron could improve motivation at *CF*. [4 marks]

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(c) Explain whether Byron should go ahead with the engagement survey with all employees. [6 marks]

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Answers

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(a) Outline how F.W. Taylor's theory of motivation could apply to workers at *CF*. [2 marks]

Taylor believed that workers were basically driven by money and had little interest in their work. Managers looked at an activity, broke it down into parts, and then trained workers to do individual jobs. In this case, *CF*'s workers must make coffee drinks in a certain way, i.e., this is inflexible.

(b) Using any other motivation theory, explain how Byron could improve motivation at *CF*. [4 marks]

- Maslow felt humans had needs which fell into 5 types. They formed a hierarchy and started with the most basic (psychological needs). He believed that before people could move to the next level (safety needs), they had to have met the first level.
- Physiological needs – *CF* must pay its workers sufficient wages to pay for their cost of living, such as accommodation, food, clothing, and water.
- Safety needs – *CF* must ensure it offers workers job security to help them meet their safety needs.
- Social needs – Working in a coffee shop may offer employees the opportunity to meet and engage with other people, especially if they are given the chance to work in teams.
- Esteem needs – Workers can meet their esteem needs by being respected, involved, and praised. Some workers may even have been internally promoted at *CF* to café managers or superiors. However, given the lack of flexibility and creativity, not all workers at *CF* are likely to be able to reach this level.
- Self-actualization needs – As workers at *CF* are relatively low skilled and must follow instructions from their managers, this stage in Maslow's hierarchy of needs is not likely to be met.

Top tip: Sometimes, exam questions ask students to write about specific theories. At other times, the question is more open where candidates could write about Herzberg or Maslow (or any other theorist from the syllabus).

(c) Explain whether Byron should go ahead with the engagement survey with all employees. [6 marks]

For the employee engagement survey to be worthwhile, Byron needs to be aware the process may be expensive and take a long time to complete. Workers will need to be assured their responses are anonymous. For the survey to be of value, using *CF*'s own HR team to undertake the research (i.e., internal auditing) may not be a good idea, so *CF* may need to hire an independent research company (external auditing). However, it would take some time for an external firm to understand the culture and needs of *CF* before it conducts and produces the findings from the surveys. This is both time consuming and costly. Also, as Byron wants honest responses, *CF* may need to prepare for some truths that he may be uncomfortable with.

However, if Byron wants engaged workers, he needs to find out what they like and dislike about the organization. They could also get suggestions from employees about how to improve things, then involve workers in the process of its introduction as this will get buy-in (support) from them. Furthermore, this should not be a one-off exercise, such as annual engagement surveys of workers. Also, instead of Byron relying on reading online posts from customers, which may be biased, *CF* should undertake independent surveys of customers so as to provide more reliable and representative information.

Top tip: An "explain" question differs from a question which asks students to "evaluate". For the latter, it is likely that students may need to have a recommendation. For "explain whether" questions, students would rationalize the reasons for and against.

Worksheet 35
2.4 Induction and On The Job Training – Evergreen Recruitment Agency

Evergreen Recruitment Agency (ERA)

Jagati Horvath is the CEO at Evergreen Recruitment Agency (ERA). The firm helps to place temporary workers in large organizations when employees go on holiday, become ill, or take leave when they become parents. ERA employs 400 people in 12 offices. Jagati recently met a local school principal who explained that students in Year 2 had just completed a unit of work on kindness. He is aware that employees at ERA are keen to do well, but has also witnessed rudeness, disrespect, and a lack of consideration for others in the workplace. Jagati worries this may lead to reduced productivity, increased labour turnover, and less commitment to the company. He wants all workers to consider how they come across in every interaction and communication with each other. He plans to meet with the Director of Human Resources to review ERA's **induction training** programme and on-the-job training so that kindness becomes a bigger focus at the company.

(a) Define the term *induction training*. [2 marks]

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(b) Explain why increased labour turnover might be an issue for *ERA*. [2 marks]

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(c) Discuss whether on-the-job training is the best way for *ERA* to encourage kindness in order to improve professional relationships (*you may complete the answer on a separate piece of paper*). [10 marks]

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Answers

Evergreen Recruitment Agency (ERA)

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(a) Define the term *induction training*. [2 marks]

Induction training is a form of on-the-job training, introducing new employees to their new jobs when they join ERA. The firm wants new workers to settle in as quickly as possible so induction training allows new employees to understand their new jobs, the rules and regulations of ERA, and who their key colleagues are.

Top tip: Students are often imprecise with their definitions. Students should keep a glossary of key terms and update it when new words or phrases are introduced in class. They can prepare and complete crosswords, wordles, or other word-based games to reinforce knowledge of definitions (in a fun way).

(b) Explain why increased labour turnover might be an issue for ERA. [2 marks]

- Labour turnover is defined as the proportion of workers who leave an organization each year. If a large proportion of workers leave, this increases costs for ERA (e.g., advertising, interviewing, and training costs) as new employees need to be recruited.
- If experienced workers leave because they are discontented, this leads to lower productivity in the workplace as well as the loss of expertise. New workers may take months to become as productive as they need time to acclimatize to the new organization as well as build relationships with co-workers and customers.

(c) Discuss whether on-the-job training is the best way for ERA to encourage kindness in order to improve professional relationships (*you may complete the answer on a separate piece of paper*). [10 marks]

On-the-job training happens when workers learn about the job through other co-workers at the place of work. It is less expensive than off-the-job training. Jagita and the Directors at ERA can lead by example and demonstrate what kindness means by their own interactions with others. This could also form part of the induction training (a form of on-the-job training) for new staff, with mentors modelling what kindness looks like at ERA. Building and fostering better relationships in the workplace has many long-term benefits, including reduced conflict in the workplace, improved labour productivity, higher levels of staff motivation, lower labour absenteeism, and higher levels of staff retention.

However, changing ERA's corporate culture will take time, especially as Jagita wants *all* workers to become more kind. ERA may also need to use off-the-job training, perhaps with senior managers attending a training course so they can better understand why kindness is so important in the workplace. The HR Department needs to carefully consider how to introduce kindness as a focus, because if workers are just giving the idea lip service and not changing their behaviours, then there is little reason to introduce it, especially as the training is likely to be costly.

Another difficulty is that kindness needs to have a definition as it can mean different things to different people in different contexts. ERA may need to have whole-day training sessions for all workers to introduce this. A monitoring and review system needs to be put in place to ensure the workplace is becoming kinder. Perhaps kindness could become part of ERA's annual performance review (appraisal) process for workers. However, as kindness is difficult to measure, it may take time to get this right. Furthermore, many workers may think the most important aspect of their job is generating revenue for ERA, rather than focusing on being kind to staff.

In conclusion, if senior managers do not see the importance of kindness at ERA, then the idea will fail as on-the-job training will only be superficial at best. Jagita and his senior team need to model kindness. To make this more authentic and meaningful, they may need off-the-job training to better understand the importance of kindness. It may take time for this to become part of ERA's corporate culture, but this could be facilitated by making kindness part of ERA's appraisal process for all staff, rather than relying on on-the-job training.

Castle Rock International School (CRIS)

CRIS is an IB World School that employs 1,000 teachers across 11 schools (kindergarten, primary, and secondary) in Asia. New IB Diploma Programme (DP) teachers and administrators at CRIS are required to attend IB workshops, often held in other countries. In addition, when new IB DP syllabi are released, all teachers of these subjects attend off-the-job training workshops. After that, all training at CRIS schools is completed using **on-the-job training**, partly because the schools have 7 training days per year for teachers. However, many teachers, especially those in the kindergarten and primary schools, are unhappy as they believe the 7 training days do not meet their specific needs. Some of the training is conducted by specialists that CRIS brings in, and the remaining training is offered by the school’s principal and teachers.

A proposal put to the senior leadership team at CRIS is for all teachers to be given up to US\$1,400 each year to use towards any training course that they think will be directly beneficial to their teaching. Some of the senior leaders think this would be a waste of money as teachers may use the money poorly with negligible benefits for students.

(a) Define the term *on-the-job training*. [2 marks]

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(b) Discuss whether the senior leadership team at CRIS should give teachers up to \$1,400 each year towards staff training (*you may complete the answer on a separate piece of paper*). [10 marks]

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Answers

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A proposal put to the senior leadership team at CRIS is for all teachers to be given up to US\$1,400 each year to use towards any training course that they think will be directly beneficial to their teaching. Some of the senior leaders think this would be a waste of money as teachers may use the money poorly with negligible benefits for students.

- (a) Define the term *on-the-job training*. [2 marks]

On-the-job training is where employees are given direct guidance on how to their jobs from the principals and teachers at the school, or by outside specialists invited to run the training at CRIS. This is a more cost effective method of training than off-the-job training as the latter may not meet specific needs if delivered poorly.

- (b) Discuss whether the senior leadership team at CRIS should give teachers up to \$1,400 each year towards staff training (*you may complete the answer on a separate piece of paper*). [10 marks]

As there are 1,000 teachers within CRIS schools, this may mean up to an additional \$1.4 million is spent on training every year. This is a lot of money which has an opportunity cost, e.g., the money (or part of it) could be used to update sporting or performing arts equipment, which would have a direct, positive, and tangible impact on students. Alternatively, not all teachers need to be directly funded for training, as CRIS could request teachers who go on training to subsequently lead a short(er) workshop with their colleagues back at the school, so that the best ideas are shared.

As CRIS is a large organization, each school would need to have someone permanently in charge (to act as the training coordinator) of administering and deciding which training courses should be approved. This could add further costs to the organization. In addition, if the IB DP training takes place in another country in Asia, this could mean having to pay additional costs during the time the teacher is away for the training, e.g., the cost of hiring a substitute teacher as well as additional expenses such as flights, accommodation, taxi transfers, and meal allowances.

However, many teachers in kindergarten and primary schools at CRIS are unhappy as the training offered does not meet their specific needs. This can be demotivating as these teachers may have particular professional training courses that they want to pursue in order to improve student learning. Therefore, the \$1.4m budget for staff training could improve staff retention because teachers feel more valued by their employers at CRIS. In the long run, this would reduce teacher recruitment and staff induction costs. Furthermore, \$1,400 per person is probably an insignificant proportion of the average teacher's annual salary.

To be more effective, staff training needs and requests could be linked to the professional targets set by each teacher at the beginning of the academic year. The training coordinators at the various CRIS schools could use these targets to help prioritize training needs of their staff.

In conclusion, it could be a very good idea to give each teacher up to \$1,400 per year towards their training. As teachers may be more motivated, recruitment and induction costs will be reduced in the long run. As a total amount of expenditure (\$1.4m), it is likely to be a comparatively small percentage of the total salaries paid to teachers at CRIS schools. As long as staff training is linked to organizational targets and the best ideas from attending the various training programmes are shared with colleagues back at the schools, the proposal can be justified on the grounds of improved student learning and the direct benefits for teachers at CRIS schools.

Top tip: "Discuss" questions require a balanced answer, with evidence of a considered two-sided argument, e.g., the reasons for and against spending more money on staff training. Also, use appropriate terminology, clear references to the case study, and provide a succinct conclusion/recommendation(s).

Derry International School (DIS)

Kasey Lansdale is the Head of Human Resources at *Derry International School (DIS)*. Due to a falling number of students attending the fee-paying school and lower tuition fees, the Accounting Department is putting pressure on all departments across the school to reduce spending. Pay levels for all teaching staff have been frozen. No computer hardware will be purchased or replaced in the next academic year. Plans to extend the school's auditorium and playing fields are delayed indefinitely. Zero-based budgeting has been introduced for all purchases over \$100.

Kasey needs to find ways to cut costs, with the Head of the Accounting Department highlighting that the training budget for teachers would be a quick way to reduce spending. Ordinarily, each teacher is allowed up to \$1,000 a year for their training, which is directly linked to the agreed goals in their annual appraisal review. The annual \$1,000 training budget allocated to each teacher would be replaced with a department training budget which would allow Heads of Department the opportunity to decide how off the job training is allocated. This would save the school 50% on off the job training.

DIS employs 230 teachers. In addition, the IB Coordinator has a training budget that can be spent on new teachers who have never taught IB and for staff who need to be upskilled due to a change in the IB syllabus. *DIS* has very low labour turnover so Kasey is considering making a proposal to the school's Principal, recommending more on-the-job training occurs. Kasey also suggests that when new IB syllabi are introduced, only one member of a department would be allowed to attend off-the-job training, and would be expected to train the rest of the department about the IB course updates on their return to school.

(a) Define the term *off-the-job training*. [2 marks]

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(b) Explain **one** advantage **and** one disadvantage of *DIS* preparing a force field analysis as it considers moving towards more on-the job training at the school. [4 marks]

Advantage

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Disadvantage.....

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(c) Using the information above, and your knowledge of Business Management, discuss whether *DIS* should change to having more training on-the-job training at the school. (*You may find it useful to construct a force field analysis from the perspective of the Human Resources Department*). [10 marks]
(You should continue your answer on a separate sheet of paper).

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Worksheet 37
2.4 On The Job Training Lewin's force field analysis (HL only)

Answers

(a) Define the term *off-the-job training*. [2 marks]

Off-the-job training typically takes place away from the workplace and allows the employee to learn new skills or attributes which would not have been learnt as well if the worker had undertaken on-the-job training.

(b) Explain **one** advantage **and** one disadvantage of *DIS* preparing a force field analysis as it considers moving towards more on-the-job training at the school. [4 marks]

- Advantage – Lewin's force field analysis allows *Derry International School* to make a decision using data and information which are quantifiable, i.e., each force for or against change is weighted from 1 to 5 and then a decision can be made based on the outcome in a logical and objective manner.
- Disadvantage – Lewin's force field analysis is just one management decision making tool that *DIS* can use to help it make strategic decisions. For example, other relevant tools could include stakeholder analysis (to find out what teachers, parents, and students feel about the proposed change) and/or a SWOT analysis to support the school's decision making.

(c) Using the information above, and your knowledge of Business Management, discuss whether *DIS* should change to having more training on-the-job training at the school. (You may find it useful to construct a force field analysis from the perspective of the Human Resources Department). [10 marks]

Driving forces	Score 1-5		Restraining forces	Score 1-5
Saves money	5	Should <i>Derry International School</i> move towards more on-the-job training at the school?	Demotivates some staff, who may then leave	3
Teachers spend more time at work	3		Quality of learning may go down	4
Gives teachers the opportunity to train other teachers back at school	2		Quality of training may go down	2
Total	10			9

The weights provided are for illustrative purposes only. Allow alternative presentations, so long as reasoning or justifications are provided.

The main reason to introduce on-the-job training is for *Derry International School* to reduce its spending due to the lower school fees and fewer students on its roll (registration). In the short term, the HR Department at *DIS* is not likely to care too much about the impact of the changes on the quality of teaching and learning. Its priority at the moment is to cut costs for the financial viability of the school.

However, it can be difficult for members of the senior management team at *Derry International School* to agree on the driving forces and restraining forces. Their ranking or weighting of the different forces may be different, perhaps with a greater emphasis of the longer term impacts of the proposed change on the quality of teaching and learning at *DIS*. This could therefore cause a different outcome to the overall weightings and therefore the decision made about whether to switch to more on-the-job training at *DIS*.

Carpet Express (CE)

Richard Stark started *Carpet Express (CE)*, a carpet manufacturing business, 20 years ago. Initially, *CE* employed 20 workers in a small factory in Iowa, United States. Today, the company employs 300 people across 3 factories and a head office, all within a 50-mile radius.

Richard reflected on the growth of his company: “Once you get over 25 workers and spread over several factories, it starts to feel very different. Communication is easy when you’re small but becomes a much bigger part of the job as you grow, both internally and externally. The internal side is more important. I spend a lot of time visiting the factories and at head office, making sure everyone understands the vision and we’re all pointed in the same, right direction. I put a lot more effort into fostering the culture too. It’s a big part of hiring the right people. In the early days, I didn’t spend too long on recruitment. Now I’m more selective, not just about skills and experience, but about cultural fit. If I hire people with the same mindset, purpose, and attitude, we end up with teams who share the same values and vision as exists at the top of the business.”

(a) Describe **two** potential cultural clashes that may occur in organizations like *CE* as it grows. [4 marks]

Clash 1

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Clash 2

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(b) Describe **two** consequences of cultural clashes at organizations like *CE*. [4 marks]

Consequence 1

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Consequence 2

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(c) Explain how Richard ensures culture is a key aspect in the success of *CE*. [4 marks]

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Answers

Carpet Express (CE)

Richard Stark started *Carpet Express (CE)*, a carpet manufacturing business, 20 years ago. Initially, *CE* employed 20 workers in a small factory in Iowa, United States. Today, the company employs 300 people across 3 factories and a head office, all within a 50-mile radius.

Richard reflected on the growth of his company: “Once you get over 25 workers and spread over several factories, it starts to feel very different. Communication is easy when you’re small but becomes a much bigger part of the job as you grow, both internally and externally. The internal side is more important. I spend a lot of time visiting the factories and at head office, making sure everyone understands the vision and we’re all pointed in the same, right direction. I put a lot more effort into fostering the culture too. It’s a big part of hiring the right people. In the early days, I didn’t spend too long on recruitment. Now I’m more selective, not just about skills and experience, but about cultural fit. If I hire people with the same mindset, purpose, and attitude, we end up with teams who share the same values and vision as exists at the top of the business.”

(a) Describe **two** potential cultural clashes that may occur in organizations like *CE* as it grows. [4 marks]

- If Richard employs a new manager externally who has a different leadership style or vision, this may send mixed messages to workers. For example, if Richard is very people orientated but the new manager is task orientated, then the focus of workers may change.
- If Richard employs new workers who do things differently, then they may need some training so that they do things the “*Carpet Express way*”. For example, Richard may like workers to use work emails for communications, not private emails.
- If Richard believes in strict punctuality and time limits for meetings, then new workers will need to acclimatize to the cultural norm and stick to this, otherwise existing co-workers may get annoyed.

(b) Describe **two** consequences of cultural clashes at organizations like *CE*. [4 marks]

- Workers are more likely to leave the organization, which means *CE* would have higher labour turnover (the number of workers who leave each year as a percentage of the average number of employees in the workforce). This would increase recruitment and induction costs. Subsequently, managers may need to spend more time recruiting and inducting workers than doing their own jobs.
- If there is poor communication between workers at *CE*, this may lead to customer service deteriorating or lower output being produced in the factory, which means productivity falls and profits go down.
- Poor worker morale may result as more employees disagree and argue with each other. This may mean it takes longer for *CE* to get tasks completed, if at all. This will lead to poor productivity in the workplace.

(c) Explain how Richard ensures culture is a key aspect in the success of *CE*. [4 marks]

- Effective communications – It is important for workers to understand and share the vision of *CE*. Whether this is done formally by Richard when he hires workers and managers, visits factories, or conducts meetings, workers will observe Richard in action. So, for example, if he preaches punctuality then he needs to lead by example. Similarly, if Richard does not believe in or act out the vision of *CE*, then it is unlikely that his workers will follow.
- Hiring the right people with the right mindset and attitude – Richard tries to ensure he recruits workers who share the cultural attributes he wants for *CE*. If they do not share these same attributes or outlook, maybe there is a need for further induction training or on-the-job training, although it would be more ideal if workers have these skills *before* joining the company.

Gimme Shelter (GS)

Gimme Shelter (GS) is a non-profit organization founded by YouTube gaming sensation Rude Luke (with 78 million subscribers and counting!) whose ability at being funny and making controversial statements outshines that of playing games. Before finding fame, Luke spent some time living homeless, so this is the aim of the foundation - to help those who live in particularly cold parts of the world during winter who do not want to use the services provided by their governments.

Luke is passionate and driven about this aim and expects his staff in each country to spend large amounts of time on outreach work in winter. GS has bases in Canada, Sweden, and Turkey. Successes are shared, teamwork is highly valued, with staff being organized in groups of 6 people per cell. There are 2 cells in each country. Cells report directly to Luke but have autonomy to make decisions which meet local needs. Each cell has a leader. Luke sometimes worries he has little control over each cell’s activities although workers seem to be highly motivated by being able to make quick decisions. Workers are rewarded quite well with Luke keen for staff to be digital nomads, as part of the **organizational culture** at GS, and have autonomy over how they do their work.

(a) Define the term *organizational culture*. [2 marks]

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(b) Explain whether Charles Handy’s power culture can be applied to GS. [4 marks]

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(c) Describe **three** potential culture clashes which may happen if a cell leader from Canada were to be put in charge of a cell in Turkey or Sweden. [6 marks]

Clash 1

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Clash 2

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Clash 3

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Answers

Gimme Shelter (GS)

Gimme Shelter (GS) is a non-profit organization founded by YouTube gaming sensation Rude Luke (with 78 million subscribers and counting!) whose ability at being funny and making controversial statements outshines that of playing games. Before finding fame, Luke spent some time living homeless, so this is the aim of the foundation - to help those who live in particularly cold parts of the world during winter who do not want to use the services provided by their governments.

Luke is passionate and driven about this aim and expects his staff in each country to spend large amounts of time on outreach work in winter. *GS* has bases in Canada, Sweden, and Turkey. Successes are shared, teamwork is highly valued, with staff being organized in groups of 6 people per cell. There are 2 cells in each country. Cells report directly to Luke but have autonomy to make decisions which meet local needs. Each cell has a leader. Luke sometimes worries he has little control over each cell's activities although workers seem to be highly motivated by being able to make quick decisions. Workers are rewarded quite well with Luke keen for staff to be digital nomads, as part of the **organizational culture** at *GS*, and have autonomy over how they do their work.

(a) Define the term *organizational culture*. [2 marks]

This refers to the attitudes, beliefs, and values of an organization. At *GS*, Rude Luke wants a culture where his employees work hard in cells, care for others, and have the ability to make decisions for themselves.

(b) Explain whether Charles Handy's power culture can be applied to *GS*. [4 marks]

- Handy's power culture can only be partly applied to *GS*. Whilst Luke sets the objectives for *GS*, he is worried about having little control, unsurprising given the distance between Turkey and Canada, for example. The power may reside with the cell leaders who then give autonomy to the cell members.
- Autonomy is given to workers as they probably get to see a wide range of problems related to homelessness (no shelter, lack of food, health issues, clothing, abuse, and so forth) which need solving.
- Workers at a non-profit organization may not have specific objectives like they would in a for-profit business but nevertheless can show results based on solving problems quickly. This could cause problems for Luke as some of the solutions may mean *GS* gets negative publicity. As the workers are digital nomads, maybe without a permanent office, this suggests each worker is quite powerful especially as each cell is very small.

(c) Describe **three** potential culture clashes which may happen if a cell leader from Canada were to be put in charge of a cell in Turkey or Sweden. [6 marks]

- Language barriers are likely to be an issue. Being from Canada, the worker is likely to be fluent in English and/or French but may not be able to speak Turkish or Swedish, so communications could be a big issue and cause culture clashes at *GS*.
- Different leadership styles can also be an issue. If the Canadian leader uses a paternalistic style before making decisions, for example, whereas the Turkish or Swedish cells use a *laissez faire* approach (i.e., the cell leader gives broad objectives and then leaves each cell member to decide how best to enact those aims), then there could be resentment from these cell members if the Canadian leader tries to direct them using a different leadership style.
- Each country is likely to have different attributes/etiquettes which affect the way employees work with others. For example, if the Canadians believe in smart business attire and being on time for meeting but the Turkish and Swedish cell members are accustomed to being less formal (especially when working with homeless people) and find it acceptable to turn up slightly late to work, this may cause conflict between the cell members.

Top tip: This question requires students to identify and then explain the potential culture clashes. For each example, such as language barriers, the point must be fully explained for full marks.

Coco Tu (CT)

Handing out free M&Ms chocolate at meetings every Wednesday began accidentally as recalled by Coco Tu, the owner of *CT*. The M&Ms symbolize the worker friendly culture that Coco has cultivated at *CT*. Every part of the large office campus is designed to bring the best out of workers. Most of *CT*'s workers have their own offices. "You are so much more productive in your own office than when you are being distracted by other people either side of your workstation", she says. Workers receive excellent healthcare insurance. The *CT* offices also have magnificent free sports gyms and subsidized childcare. It has a long-term wellness programme, supported by a nutritionist and a part-time lifestyle education scheme. The average *CT* worker only takes 2.5 days a year off for sickness.

Not surprisingly, employees tend to be loyal, which means Coco is careful who she recruits and severe in dealing with mistakes: a philosophy that she calls "Hire hard, manage openly, fire hard." The purpose of treating employees well is to succeed in business. The average annual rate of staff turnover at *CT* is around 12%, which compares very favourably to the industry average of 36%. Coco is proud of *CT*'s **organizational culture**. Coco and her Board of Directors make strategic decisions but try to ensure the implementation is left up to departments and individual workers. When *CT* first started, Coco was involved in all decisions but as the company has grown, she has developed a more situational leadership style.

Whilst workers have specific roles, they spend much of their time working in project teams with those from other departments, similar to a matrix structure. Coco hopes meeting new co-workers and having new projects will keep workers energized.

(a) Define the term *organizational culture*. [2 marks]

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(b) Apply each of Charles Handy's Gods of Management to *CT*. [8 marks]

Zeus (Power)

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Apollo (Role)

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Athena (Task)

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Dionysus (Existential)

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Answers

Coco Tu (CT)

Handing out free M&Ms chocolate at meetings every Wednesday began accidentally as recalled by Coco Tu, the owner of CT. The M&Ms symbolize the worker friendly culture that Coco has cultivated at CT. Every part of the large office campus is designed to bring the best out of workers. Most of CT's workers have their own offices. "You are so much more productive in your own office than when you are being distracted by other people either side of your workstation", she says. Workers receive excellent healthcare insurance. The CT offices also have magnificent free sports gyms and subsidized childcare. It has a long-term wellness programme, supported by a nutritionist and a part-time lifestyle education scheme. The average CT worker only takes 2.5 days a year off for sickness.

Not surprisingly, employees tend to be loyal, which means Coco is careful who she recruits and severe in dealing with mistakes: a philosophy that she calls "Hire hard, manage openly, fire hard." The purpose of treating employees well is to succeed in business. The average annual rate of staff turnover at CT is around 12%, which compares very favourably to the industry average of 36%. Coco is proud of CT's **organizational culture**. Coco and her Board of Directors make strategic decisions but try to ensure the implementation is left up to departments and individual workers. When CT first started, Coco was involved in all decisions but as the company has grown, she has developed a more situational leadership style.

Whilst workers have specific roles, they spend much of their time working in project teams with those from other departments, similar to a matrix structure. Coco hopes meeting new co-workers and having new projects will keep workers energized.

(a) Define the term *organizational culture*. [2 marks]

This refers to an organization's expectations, values, beliefs, and philosophy. At *Coco Tu*, workers are treated well and there are high expectations placed upon them.

(b) Apply each of Charles Handy's Gods of Management to CT. [8 marks]

Zeus (Power)

A dynamic entrepreneur who rules with snap decisions. This culture is based on personalities with power and influence coming from a central source, usually the founder or leader. When CT first started, Coco's decisions were Zeus-based. However, as the business has grown, her strategic decision-making role is now complemented with the rest of the board of directors, with day-to-day operational decisions left up to workers and departments. Zeus does not appear relevant to the modern CT.

Apollo (Role)

Organizations have formal structures and well-defined rules and procedures. The structure defines the authority and responsibility of individual managers. At CT workers are in departments but spend much of their time working with others in a matrix structure, so Apollo is only partly evident at CT.

Athena (Task)

In this culture, management is regarded as completing a series of projects or solving problems. Task cultures usually have matrix structures or are organized as project teams. The principal concern is to get the job done and performance is judged by results. At CT, employees spend much of their time working with others in teams, so Athena is highly relevant. Workers are paid partly by performance, which is why CT treats employees well, so that they will perform.

Dionysus (Existential)

In the three other cultures, the individual is subordinate to the organization or the task. An existential culture is found in an organization whose purpose is to serve the interests of the individuals within it. At CT, whilst employees have some freedom in how they complete their work, they are nevertheless driven to meet their own professional goals, which suggests Dionysus is only partly evident.

Accept alternatives interpretations if appropriate reasoning is evident. In any case, all points should be developed and substantiated.

Santa Canté (SC)

Santa Canté (SC) is a technology company, started by Maria Gio two years ago. SC has developed a range of video conferencing tools which can be used by schools to deliver exciting online lessons for students. SC’s mission statement is simply “Communication for Good”. There are 8 employees in the company. Revenue has grown quickly but the business is not yet profitable. Business angels have started to notice SC as they can see how the video conferencing tools could be adapted for other industries, like healthcare, where a greater profit margin may exist.

SC is based in a small town renowned for its excellent hi-tech industries. In the past year alone, five start-up companies in the tech industry have received investments of \$1 billion or more, thus earning themselves ‘unicorn’ status in the business world. Like the country it is based in, SC is a simple place to work. Directness is prized; people and businesses prefer to ask straight questions and give straight answers. However, SC is informal, but it does have a strong work ethic. Sometimes, workers bring their children to work, and Maria frowns upon employees taking work home. Although she sometimes wears business attire for formal meetings with bank managers and investors, her employees often wear jeans and sandals to work. It is common for workers to address fellow workers, even Maria, by their first name. While Maria sets the long-term goals for SC, she allows workers freedom in deciding how they pursue the goals of the organization.

(a) Identify **two** characteristics of *Santa Canté’s* work culture. [2 marks]

Characteristic 1

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Characteristic 2

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(b) Outline how SC’s organization culture may impact innovation in the workplace. [2 marks]

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(c) As SC grows, suggest how Maria can ensure the company retains its culture. [6 marks]

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Answers

Santa Canté (SC)

Santa Canté (SC) is a technology company, started by Maria Gio two years ago. SC has developed a range of video conferencing tools which can be used by schools to deliver exciting online lessons for students. SC's mission statement is simply "Communication for Good". There are 8 employees in the company. Revenue has grown quickly but the business is not yet profitable. Business angels have started to notice SC as they can see how the video conferencing tools could be adapted for other industries, like healthcare, where a greater profit margin may exist.

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(a) Identify **two** characteristics of *Santa Canté's* work culture. [2 marks]

- It is relatively informal, e.g., a junior worker can call their superior or line manager by their first name and wear casual clothes to work.
- There is a work life versus home life division. People work hard, but when they are at home this is family time. There is no expectation from Maria for employees to take their work home.
- Maria is a direct communicator, which means she asks direct questions and expects direct answers. This can be good as it means less time is spent on meetings or making decisions.

(b) Outline how SC's organization culture may impact innovation in the workplace. [2 marks]

As SC is a small business with only 8 employees and people are open communicators, it means that information spreads quickly around the business. Problems can be identified and solved promptly, perhaps through teamworking and open communications. As SC produces a range of video conferencing tools for schools, this may encourage workers to develop goods or services quickly as this will help children's education.

(c) As SC grows, suggest how Maria can ensure the company retains its culture. [6 marks]

As the business only has 8 employees, in the short term, Maria can insist on and be part of a rigorous hiring process. SC's mission is "Communication for Good", so potential employees may need to understand during the recruitment and induction process that while the business is striving to be profitable, this is perhaps not the most important objective. Maria would talk about these values with the new recruits – if they do not share the same values and beliefs then they may not be suitable for SC.

As the business grows, Maria should ensure lines of communication remain open. Inevitably, Maria may become busier so has less time to spend with employees so could make sure when meetings occur or there are training events that SC's mission and goals are explicitly shared again with employees. When Maria is in the office, employees will naturally take their lead from her, so it is important she thinks clearly about how she communicates with employees.

However, if the organization grows significantly, say to 100 employees, Maria may have to accept that some parts of SC's operations will become more formal, and the business will need to become more organized by function. This may change the culture as workers would now work in departments, and possibly each with its own subculture. Maria would naturally have less contact with each worker or team. If SC were to open new offices in other countries, Maria could be in charge of recruiting and training senior managers so they would be aware of her expectations of how she wants the organization to be run. However, it would be impractical for Maria to be part of the recruitment of *all* personnel in the company as it continues to grow. Given cultures are likely to differ between countries, she may need to show some flexibility too.

Finally, it may be more difficult to retain SC's organizational culture if the business brings in business angels who are attracted by the potential of the company – whether it is a 'unicorn' company is very debatable though. In any case, external growth is likely to change SC's corporate culture, at least to some extent.

Trent Bridge Finance (TBF)

Trent Bridge Finance (TBF) is a private equity company that provides finance to start-up companies and small businesses that have high growth potential. To meet the needs of investors, *TBF* maintains an environment of openness, even though honesty can prove to be difficult and uncomfortable. Each worker has the right and obligation to be both assertive and open-minded in order to build their understanding and make the best investment decision.

The board of directors believes that the types of disagreements typically discouraged elsewhere are expected at *TBF* because they help the company to maximize its potential. Employees are encouraged to do whatever it takes, within reason, to make the company thrive, with an emphasis placed on openness in the decision-making process. Any employee can respectfully say anything to anyone at *TBF*, but they must be prepared to be challenged in return. All meetings are recorded and can be viewed by any employee at any time.

The company's organizational structure is flat. Decisions about financial investments are made without consideration of hierarchy or ranking in the organization. Risk aversion is discouraged at the firm. Each year, the bottom 10% of employees are dismissed after a rigorous performance review process.

(a) Describe why *TBF* is organized using a flat structure. [2 marks]

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(b) Charles Handy believes there are **four** different organizational cultures. Explain how each of these can be applied to *TBF*. [8 marks]

Power

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Role

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Task

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Person

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Answers

Trent Bridge Finance (TBF)

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- (a) Describe why *TBF* is organized using a flat structure. [2 marks]

TBF has a flat organizational structure. This means there are relatively few managers but many workers. If *TBF* had many different levels in its hierarchy, it may take a long time for information to pass up and down the organization. By contrast, *TBF* wants to enhance risk taking, so the flat structure means faster decisions can be made. Having fewer managers may also encourage more honest communication.

- (b) Charles Handy believes there are **four** different organizational cultures. Explain how each of these can be applied to *TBF*. [8 marks]

Power culture

In an organization with a power culture, power is centralized, i.e., held by just a few senior individuals. As there are few rules and regulations in a power culture, swift decisions take place and workers are rewarded through results. This seems to apply to *TBF* because "employees are encouraged to do whatever it takes, within reason, to make the company thrive" and underperforming workers are dismissed. Also, those who cannot adapt to *TBF*'s open communication culture may decide to move on. *TBF*'s policies are decided by a few people at the top, which again is indicative of a power culture.

Role culture

Organizations with a role culture are based on rules and regulations. This does not seem to apply so well to *TBF* as workers "are encouraged to do whatever it takes" to achieve organizational goals. In such cultures, workers have clearly defined roles and are expected to carry out specific jobs. In a role culture, people and processes are highly controlled. Power in a role culture is determined by a person's position (role or rank) in the formal organizational structure, so workers tend to be risk averse. However, none of this seems to apply to workers at *TBF*.

Task culture

In a task culture, teams are formed to deal with specific problems or projects. The task, rather than the person, is the important thing. This means that power within a team can often shift depending on team dynamics and the skills/expertise of the team members. A team culture could apply to *TBF* to some extent as many investment opportunities will need expertise to be drawn from many parts of the organization. Open communication is likely to suit those working in teams, although there may be some added friction and disagreements, especially as 10% of the workers will lose their jobs each year.

Person culture

In organizations with a person culture, individuals regard themselves as unique, of vital importance, and superior to the firm itself. The organization itself exists in order for people to work. This culture may not be relevant to *TBF* as it expects ideas to be regularly challenged by others. A person culture is more suitable in jobs like architecture or accountancy where there are set rules about how things are done, and employees work individually and independently. Nevertheless, the ruthlessness of excelling and the need to perform at *TBF* (or risk losing your job) is somewhat indicative of a person culture.

Penny’s communication methods

Penny Namotu started an ice cream shop as a sole trader 5 years ago with two employees. Today there are 25 employees working in 3 shops and a small manufacturing unit which distributes ice cream to local hotels and restaurants.

Back when the ice cream shop started, communication was straightforward. Penny shook the hands of the first two employees when they accepted their job offers. No formal employment contracts were given to staff. However, as the business has grown, it has become more difficult for Penny to communicate in the way she likes best, face-to-face.

Penny is considering taking on a partner, Jasvinder Saraf. Jasvinder is shocked that Penny does not want to create a partnership agreement but would rather just shake hands on the deal. After Jasvinder has made his investment, any profits from the partnership would then be split equally. Jasvinder is quite happy not to be involved in the business on a day-to-day basis but thinks Penny needs to introduce more **formal communication** channels otherwise it may have bigger problems in the future as it continues to expand. Jasvinder has prepared a brief summary of the methods of communication the business should use. He is concerned that Penny’s lack of enthusiasm for the organizational side of the business could be its downfall.

(a) Students of pirateIB, define the term *formal communication*. [2 marks]

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(b) For each of the following situations, explain which method(s) of communication are best for Penny ice cream business. [10 marks]

(i) Termination of a worker’s contract

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(ii) First warning to a worker who has been late to work frequently

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(iii) Extended opening hours for all shops during holiday seasons

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(iv) An emergency has happened overnight, so the factory cannot open for one day

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(v) The date for the yearly staff party is to be shared with all staff

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Answers

Penny’s Communication Methods

Penny Namotu started an ice cream shop as a sole trader 5 years ago with two employees. Today there are 25 employees working in 3 shops and a small manufacturing unit which distributes ice cream to local hotels and restaurants.

Back when the ice cream shop started, communication was straightforward. Penny shook the hands of the first two employees when they accepted their job offers. No formal employment contracts were given to staff. However, as the business has grown, it has become more difficult for Penny to communicate in the way she likes best, face-to-face.

Penny is considering taking on a partner, Jasvinder Saraf. Jasvinder is shocked that Penny does not want to create a partnership agreement but would rather just shake hands on the deal. After Jasvinder has made his investment, any profits from the partnership would then be split equally. Jasvinder is quite happy not to be involved in the business on a day-to-day basis but thinks Penny needs to introduce more **formal communication** channels otherwise it may have bigger problems in the future as it continues to expand. Jasvinder has prepared a brief summary of the methods of communication the business should use. He is concerned that Penny’s lack of enthusiasm for the organizational side of the business could be its downfall.

(a) Define the term *formal communication*. [2 marks]

This refers to official methods of communication in the workplace and is likely to follow a hierarchical structure and chain of command. The flow of information is likely to be controlled, with deliberate actions put in place for how information is to be communicated to different stakeholders.

(b) For each of the following situations, explain which method(s) of communication are best for Penny ice cream business. [10 marks]

(i) Termination of a worker’s contract

This is likely to involve a meeting with the worker and a representative for the employee, such as the worker’s direct line manager. Reasons for the dismissal must be clearly explained. As the contract is being terminated, a formal letter of termination will need to be prepared. This is important as the employee could complain about unfair dismissal, so a formal, predefined route of communication needs to be in place.

(ii) First warning to a worker who has been late to work frequently.

This is likely to be a verbal warning between the worker and manager of the ice cream shop or factory. Although a verbal warning, it is common that a written confirmation is given as well so the worker is aware of the formal nature of the verbal warning (and that there is a record of this first warning).

(iii) Extended opening hours for all shops during holiday seasons.

Since this could disappoint some workers, as they may have to work longer and more unsociable hours, this is likely to be communicated more formally. An example is through emails sent to all staff members and/or communicated during staff meetings.

(iv) An emergency has happened overnight, so the factory cannot open for one day.

Penny or the factory manager is likely to use text / voice messaging services and/or an email sent to all staff affected by the closure. This is because many workers will check their smartphones first thing in the morning. Penny or the factory manager could also ask staff to reply to their line manager confirming they have received the message/notification.

(v) The date for the yearly staff party is to be shared with all staff.

This can be communicated more informally. The manager of the ice cream shops and the factory manager can tell their workers directly. Posters can be put up to promote the social event. An email can be sent to all staff and employees can all be reminded of this at the next staff meeting.

XYZ Co.'s communication barriers

XYZ Co. is a large media company. It owns a wide range of businesses, including music, movies, TV, streaming, newspapers, magazines, radio, theme parks, and cinemas in 135 countries. XYZ Co.'s head office is in Toronto, Canada.

The company is organized geographically (North America, South America, Western Europe, Eastern Europe, Japan, China, Rest of Asia, Middle East, Australasia, and Africa). There are also subdivisions, for example, Rest of Asia is split into India, Pakistan, Singapore, Thailand, Malaysia, Indonesia, and others. Products are created for individual markets, but XYZ Co. also has products that it would like to be made available and be supported across all its strategic business units. For example, next year will see the synchronized global release of the Hollywood developed blockbuster action movie *Wonder Girl*. XYZ Co.'s Chief Executive Officer (CEO) believes that being organized geographically enables the company to gain from managerial economies of scale.

(a) Define the term *managerial economies of scale*. [2 marks]

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(b) Describe **three** communication barriers which may affect XYZ Co. [6 marks]

Communication barrier 1

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Communication barrier 2

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Communication barrier 3

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(c) Outline **two** advantages of XYZ Co. being organized geographically. [4 marks]

Advantage 1

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Advantage 2

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Answers

XYZ Co.'s communication barriers

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(a) Define the term *managerial economies of scale*. [2 marks]

This cost-saving benefit occurs when a business expands and employs specialist managers and workers to do specific jobs, which means productivity should increase as they have one area of focus. The corresponding increase in output helps to reduce the firm's average cost of production.

(b) Describe **three** communication barriers which may affect XYZ Co. [6 marks]

Communication barrier 1 – The Chief Executive Officer (CEO) may struggle to stay on top of this large media empire and take a long time to respond to those in charge of each of the geographical parts of the company. The CEO may have limited knowledge of each market and industry which prolongs the time it takes to respond.

Communication barrier 2 – Language and cultural differences exist due to XYZ Co. being based in 135 countries, which can cause communication issues. Even though it is organized geographically, in Rest of Asia there are many different languages (Hindi, Thai, Malay, English, etc.) so there is greater scope for misunderstandings and miscommunications.

Communication barrier 3 – Organizing meetings for the launch of the new movie *Wonder Girl* may be difficult due to time zone differences, e.g., when it is 8am in New York it is likely to be 8pm in Tokyo.

(c) Outline **two** advantages of XYZ Co. being organized geographically. [4 marks]

Advantage 1 – It allows XYZ Co. to have improved channels of communication with and understanding of the needs of its customers. For example, movies made for people in Thailand with an understanding of Thai culture and the preferences of the country's people may have greater chance of success.

Advantage 2 – It allows XYZ Co. to build stronger collaborative teams in each geographical area, which may mean more motivated workers who develop better media content for local markets.

Advantage 3 – It may encourage positive competition between XYZ Co.'s different departments. For example, a highly successful South Korean streaming programme can be shown in other countries (using dubbing services and/or subtitles) and those workers be rewarded accordingly.

Advantage 4 – With a more internationally-minded and globalized audience, specialization by region can enable XYZ Co. to gain further economies of scale.

Top tip:

For these types of questions, make sure to have a clear theoretical point which is linked clearly to the case study. Advantage 1's theoretical point is improved channels of communication, which is then linked to the case study (about movies made for people in Thailand leading to a greater chance of success for XYZ Co.)

King’s School (KS)

King’s School (KS) is a well-established international school. Year 12 and 13 students following the IB Diploma Programme have collected evidence to show that their teachers are frequently absent from classes for a variety of reasons, including sickness, field trips, sporting events, maternity and paternity leave, and staff training. The data suggest that teacher absences have meant around 23% of instruction time in IB DP classes has been lost. Students are also unhappy that teachers are taking too long to mark their tests and to give feedback on internal assessments and extended essays. The school’s policy states these assessments should be returned within one week of submission, but there is clear evidence to show that it can take over 3 weeks to do so.

Students have now agreed to work-to-rule. They will attend classes and complete homework but not anything more. They will not take part in any after-school activities, so the school will not be represented at sports competitions or Model United Nations (MUN) conferences. The annual “Battle of the Bands” and KS’s “Performing Arts Celebration Evening” have also been cancelled. The Head Boy and Head Girl have resigned from their posts as they both felt the Student Council was not being listened to by senior leaders and the school principal. Students are considering forming a more official organization to represent their interests, something like a trade union which would allow them to benefit from collective bargaining with the school’s senior leadership team. Parents largely agree with the students. A parent of a Year 12 student happens to be a journalist for a leading newspaper. The principal is wary that an article about the students’ discontent is pending. Students have rejected the idea of **strike action**, for now at least.

(a) Define the term *strike action*. [2 marks]

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(b) Explain **two** possible sources of conflict between the school principal of *KS* and the students. [4 marks]

Conflict 1

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Conflict 2

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(c) Outline how the students may benefit from collective bargaining. [2 marks]

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(d) Explain how the school principal can try to resolve the disputes at *KS*. [4 marks]

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Answers

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(a) Define the term *strike action*. [2 marks]

Strike action occurs when a large number of workers, or in this case students, stop working in protest of working conditions. Strikes are usually organized by a trade union to get better pay and/or improved terms and conditions of work.

(b) Explain **two** possible sources of conflict between the school principal of KS and the students. [4 marks]

- Students want teachers to be in classroom more often but the principal will want to encourage a wide number of other aspects which improve the education offered, such as teachers leading educational trips, attending sporting events, and receiving training like attending IB Workshops.
- Students are unhappy that their voice was not being listened to in the Student Council. The school principal might argue from the angle that she is in charge of the school, not the students.

(c) Outline how the students may benefit from collective bargaining. [2 marks]

Collective bargaining could benefit students as they may believe that even the Head Boy, Head Girl, or Student Council have not been listened to. Collective bargaining would mean, in theory, all of the students’ voices are heard through their representative in the negotiation process. This should give them extra bargaining power in the negotiations.

(d) Explain how the school principal can try to resolve the disputes at KS. [4 marks]

The school principal is keen to make sure an article about the disputes is not written or published in the local newspaper. In the short term, KS needs to get the students to call off their work-to-rule. Those teachers who are not marking internal assessments or extended essays within a week (as per school policy) should be spoken to, supported accordingly, or receive verbal warnings where necessary. In the long term, from the next academic year, KS should make sure that events such as field trips, sporting events, and teacher training events do not happen in such a way that students have too many days with substitute teachers, i.e., there need to be priority placed on the scheduling of such events. For disruptions caused by staff on maternity or paternity leave, KS should try to arrange for substitute subject specialists to take up the positions. Whilst the school principal will want to resolve these issues quickly by speaking with student representatives, the school will not want students to form a trade union or to take strike action to express their discontent. Doing so would make KS look weak and bring about unwanted negative publicity about the school’s leadership.

Cobblers of Milan (CM)

The workers at *Cobblers of Milan (CM)* have decided to go on strike. *CM* is famous for making high quality shoes, mostly by hand. To become a fully trained cobbler takes many years. Even though shoes are now mass produced, some are customized and there is a large market of wealthy customers who are prepared to pay €5,000 for a pair of beautifully hand-made shoes.

However, the employees' association at *CM* has complained that its members have not received a pay rise in many years, even though they suspect demand for *CM's* shoes has increased. The employees' association has generally been used to organizing social events but has recently become more involved in work-related issues. The employees' association has considered a number of **approaches to conflict**. The owners say they need to invest a lot of money in new equipment used by the cobblers. Recent industrial action taken by the cobblers (overtime bans and working to rule) has not been successful. Therefore, *CM's* workers have voted to go on strike unless they get a guaranteed 5% pay rise. The owners of *CM* say this would increase costs and therefore prices as hand-made shoes are labour intensive and so this may lead to job losses. The cobblers argue that *CM's* customers value beautiful shoes and so would be willing to pay a slightly higher price.

(a) Describe the meaning of *approaches to conflict* by employees. [2 marks]

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(b) Explain why the following approaches to conflict resolution by the cobblers may not have been successful. [4 marks]

Overtime bans

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Working to rule

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(c) *CM's* workers are considering forming a formal trade union. Examine whether *CM's* employers would welcome this move. [6 marks]

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Answers

Cobblers of Milan (CM)

The workers at *Cobblers of Milan (CM)* have decided to go on strike. *CM* is famous for making high quality shoes, mostly by hand. To become a fully trained cobbler takes many years. Even though shoes are now mass produced, some are customized and there is a large market of wealthy customers who are prepared to pay €5,000 for a pair of beautifully hand-made shoes.

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(a) Describe the meaning of *approaches to conflict* by employees. [2 marks]

Approaches to conflict are actions taken by employees of an organization as a means to improving or safeguarding their conditions of employment. *CM's* employees have already been working to rule and have not done any overtime in an attempt to resolve conflict in the workplace. The next stage or approach is for them to consider strike action.

(b) Explain why the following approaches to conflict resolution by the cobblers may not have been successful. [4 marks]

- **Overtime ban** – *CM's* workers may have a contractual obligation to work a certain number of hours per week. Overtime happens when staff work beyond the contracted number of hours and are usually paid extra for this time. One possible reason is that production targets could have been met by the skilled cobblers at *CM*, without the need for any overtime. Also, as some workers may rely on or be driven by overtime pay, choosing not to work overtime was not a realistic option as an approach to conflict.
- **Working to rule** – This form of industrial action or conflict resolution means that workers do no more than the minimum required as stipulated in their employment contracts. However, as *CM's* workers have specific and highly specialized skills in making quality shoes, productivity and efficiency may not be affected by work to rule measures. *CM's* cobblers are not asked to do anything beyond this, i.e., this is essentially their job.

Top tip: Note the syllabus does not specifically mention overtime ban but it could be linked to work-to-rule as workers do not work beyond their contracted hours, hence it is an extension of work-to-rule.

(c) *CM's* workers are considering forming a formal trade union. Examine whether *CM's* employers would welcome this move. [6 marks]

In the short term, forming an official trade union (rather than remaining as an employees' association) may prove problematic for the owners of *CM*. Trade unions provide collective bargaining power because there is representation for all of the workers. This collective influence may put more pressure on the owners to pay higher wages and provide better working conditions for the staff. However, if the trade union is able to negotiate a quick solution, this may benefit the owners as work goes back to normal.

In the longer term, the owners may want to form an employer's association which would represent their business interests, just like trade unions provide strength in numbers for workers. The employer's association would strengthen *CM's* position, especially if other firms in the same industry also joined. This may mean they agree on how much pay rises should be across the industry, for example. Trade unions are sometimes portrayed as being negative for businesses but if they are able to raise genuine concerns of the workers which can be addressed, this improves industrial relations and labour productivity, so the owners would also benefit.

In conclusion, in the short term, a trade union is likely to ask for increased pay for its member workers which would seem not to benefit the owners due to higher costs. However, if the owners can develop a positive relationship with the trade union, industrial relations are likely to improve in the longer term so both sides benefit from improved negotiations, higher productivity, increased wages, and sustained profitability.

Derry Premier League (DPL)

The world of football (soccer) was shocked today when the owners of the twenty *Derry Premier League (DPL)* clubs voted unanimously to **lock out** their team players. Presently, between 57% - 64% of the sales revenues of all 20 *DPL* football clubs go to the players, but regulators want to introduce a fair play system where no more than 52% of all revenue would go to the players. As a result of current practices, 17 out of the 20 football teams are making a loss.

Revenue at the average *DPL* football club has increased from \$230 million to \$890 million per year over the past 10 years. However, salaries have grown at a faster rate yet there is no collective bargaining. Instead, each player's agent negotiates for the individual player's salary, which has led to players in the *DPL* being able to command huge salaries. Labour unions are not directly involved in salary negotiations. Nevertheless, the *DPL* football club owners and players are aware that soccer fans are unlikely to appreciate the lockout. TV companies that have paid large amounts of money to the *DPL* will also be unhappy about the league's decision.

(a) Define the term *lockout*. [2 marks]

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(b) Outline **two** potential sources of conflict between the football club owners and players. [4 marks]

Source 1

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Source 2

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(c) Explain why the following industrial relations strategies might not be effective for the owners of *DPL* football clubs: [8 marks]

Redundancies

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Change of contract

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Collective bargaining

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Threat of closure

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Answers

Derry Premier League (DPL)

The world of football (soccer) was shocked today when the owners of the twenty *Derry Premier League (DPL)* clubs voted unanimously to **lock out** their team players. Presently, between 57% - 64% of the sales revenues of all 20 *DPL* football clubs go to the players, but regulators want to introduce a fair play system where no more than 52% of all revenue would go to the players. As a result of current practices, 17 out of the 20 football teams are making a loss.

Revenue at the average *DPL* football club has increased from \$230 million to \$890 million per year over the past 10 years. However, salaries have grown at a faster rate yet there is no collective bargaining. Instead, each player's agent negotiates for the individual player's salary, which has led to players in the *DPL* being able to command huge salaries. Labour unions are not directly involved in salary negotiations. Nevertheless, the *DPL* football club owners and players are aware that soccer fans are unlikely to appreciate the lockout. TV companies that have paid large amounts of money to the *DPL* will also be unhappy about the league's decision.

(a) Define the term *lockout*. [2 marks]

A lockout is the exclusion or stopping of workers from entering the workplace. In this example, *DPL* owners are locking out the football players (workers) as a form of conflict resolution used by employers.

(b) Outline **two** potential sources of conflict between the football club owners and players. [4 marks]

- Most *DPL* football club owners claim they are making a loss as salaries paid to players account for the majority (57% - 64%) of the club's revenue, i.e., salaries are the largest source of costs for the football clubs. By contrast, the agents representing the football players use the industry's average salary as a benchmark to negotiate higher pay for their clients.
- The *DPL* football players and their agents argue that revenues at the 20 *DPL* clubs have increased from \$230 million to \$890 million per year (an increase of almost 290%). Football players would therefore argue that they should be highly paid as they are the reason soccer fans attend the matches and why revenues have increased so significantly over the past decade.

(c) Explain why the following industrial relations strategies might not be effective for the owners of *DPL* football clubs: [8 marks]

- Redundancies – making football superstars redundant or forcing them to join another team (perhaps in another football league or country) would upset and anger the fans. Contracts would still have to be paid out and the players replaced. Future revenue would probably go down as less merchandise is sold (such as replica football shirts of the fans' favourite players), fewer people go to the matches, and TV broadcasters being less likely to want to televise the soccer matches.
- Change of contract – players arriving at a team will have signed stringent and detailed contracts. Legally, it is difficult or even impossible in a short space of time to reduce salaries to the level proposed by industry regulators. Any future reductions to salaries when new contracts are signed could mean some players choose to leave the club or the *DPL*.
- Collective bargaining – players are represented by their agents, not a trade union, in contract talks with the football club's owners. Hence, collective bargaining (which involves a trade union representing all the football players) does not really exist for professional football players. As top players are extremely scarce, this means their agents can demand higher salaries and better terms and conditions of employment.
- Threat of closure – football teams are associated with local towns or cities. It is difficult to close a football team and expect fans to travel further to get to another location for 'home' matches or to only attend 'away' matches (when the local team plays against a rival club at their grounds). It may also become much harder to recruit new football players.

Top tip: The answer should be clearly related to the case study. Knowledge of each given type of industrial relations strategy is also needed in order to explain why these are not suitable in this case.

Derry Public Transport (DPT)

The government has invested heavily in a public transport network of trains, buses, and an underground metro system. However, travellers often have cause for complaint because the 20,000 workers of *Derry Public Transport (DPT)* are members of the very powerful *Public Transport Trade Union (PTTU)*. *DPT* has a single union agreement with the *PTTU*.

Last year, the *PTTU* called industrial action on several occasions. An overtime ban lasted for a whole month. There were 5 one-day strikes called. Tourists were frustrated. Many international news organizations covered the strikes negatively, giving the impression that *DPT* workers are always seemingly on strike or taking industrial action. The *PTTU*'s members are typically paid double the average national salary. Pay rises for these workers have also been a lot higher than for other jobs in the past 10 years. The government would like to minimize the industrial action taken by the *PTTU*'s members as it may start to negatively affect national output and foreign direct investment. It has asked the *PTTU* to consider forming a no-strike agreement.

- (a) Outline why strike action can be a useful strategy for the *PTTU*. *[2 marks]*

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- (b) Explain **one** advantage to *DPT* of its single union agreement with the *PTTU*. *[2 marks]*

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- (c) Discuss whether the leaders of the *PTTU* should recommend its members to accept the government's proposal for the union to sign a no-strike agreement with *DPT*. (You may complete the answer on an additional piece of paper). *[10 marks]*

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Answers

Derry Public Transport (DPT)

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- (a) Outline why strike action can be a useful strategy for the *PTTU*. [2 marks]

Strike action means members of the *PTTU* vote to not go to work on each of the 5 days that strikes were called for. This means workers cannot take public transport to and from work, which is very frustrating for employees and the general public. For instance, tourists cannot travel around the country. This means many other people are affected by the strike action so this places pressure on *DPT*, the employer, to adhere to the demands of the trade union.

- (b) Explain **one** advantage to *DPT* of its single union agreement with the *PTTU*. [2 marks]

A single union agreement is where *DPT* only recognizes and negotiates with one trade union, i.e., the *PTTU*. This is good for *DPT* as it simplifies the negotiating process. If *DPT* had to negotiate with three separate trade unions, for example, it may have differing demands which would make negotiations cumbersome and time consuming. If one of these unions had their members vote to go on strike, this could have devastating impacts on the transportation network, even though negotiations were a success with the other two unions.

- (c) Discuss whether the leaders of the *PTTU* should recommend its members to accept the government's proposal for the union to sign a no-strike agreement with *DPT*. (You may complete the answer on an additional piece of paper). [10 marks]

A no-strike agreement means that the trade union members of the *PTTU* would agree not to take any form of strike action in the future, but perhaps only resort to other less disruptive forms of industrial action.

Whether the *PTTU*'s members should be recommended to adhere to the government's proposal depends on if the deal offered by *DPT*'s senior management to the workers is an acceptable one. The *PTTU*'s workers are paid double the average wage of others in the country, so workers would want to see this maintained. Therefore, the leaders of the *PTTU* may want agreed pay rises to be put in place, for example, inflation + 2% pay rise each year. They may want to set a time limit to evaluate how effective the no strike agreement is. For example, if after 3 years it proves not to have been successful in labour union negotiations with *DPT*, then adherence to the government's proposal will have naturally lost any positive impact on union members.

However, if there is less/no strike action in the future, the trade union will get less negative publicity. Generally, people have more sympathy for nurses and healthcare workers if they go on strike, whereas transport workers who strike will directly affect people's ability to get to and from their work and so they receive little sympathy. This is particularly the case as whilst the general public might regard the *PTTU*'s members already receiving pay in excess of the average worker in the country, so they already have a good deal.

However, a no-strike agreement would mean the power of the trade union is diminished once it is signed, especially if there are other clauses included, such as mandatory overtime. Nevertheless, if the proposal put forward by the government is voted against, this could make the trade union look bad and uncooperative. Essentially, strike action is disruptive to the economy as a whole and will tend to reduce its competitiveness over time. This can then lead to mass job losses in the future.

In conclusion, if the agreement is generous in its proposal, it makes logical sense for a no-strike agreement to be put forward to the *PTTU*'s members as all major stakeholders will benefit from this in the long run.

Conciliation and Arbitration Service (CAS) – Derry Timber Company (DTC)

Derry Timber Company (DTC) has ongoing problems with its workers across a range of issues. The Chief Executive Officer (CEO) of the company has big plans for the future of the business and will need to ensure cooperation from workers and their labour union representatives. Presently, *DTC* faces the threat of **work-to-rule** industrial action being taken by its workforce. Worker absences and customer complaints have increased in the past 18 months.

The CEO of *DTC* recently spoke with a corporate leader of another company based in Derry who suggested the *Conciliation and Arbitration Service (CAS)* as a possible provider of solutions to the conflict. The CEO is seriously considering approaching the *CAS* but is slightly concerned that other members of *DTC*'s Board of Directors may think he is weak for seeking external assistance to resolve internal labour issues.

(a) Students of pirateIB, define the term *work-to-rule*. [2 marks]

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(b) Outline the similarities and differences between conciliation and arbitration. [4 marks]

Similarities

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Differences

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(c) The CEO of *DTC* has decided to explain the benefits of approaching the *CAS* and acknowledge a drawback of this action at the next Board of Directors meeting. Explain **two** benefits and **one** drawback of *DTC* using the *CAS* to help resolve its labour issues. [6 marks]

Benefit 1

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Benefit 2

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Drawback

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Answers

Conciliation and Arbitration Service (CAS) – Derry Timber Company (DTC)

Derry Timber Company (DTC) has ongoing problems with its workers across a range of issues. The Chief Executive Officer (CEO) of the company has big plans for the future of the business and will need to ensure cooperation from workers and their labour union representatives. Presently, *DTC* faces the threat of **work-to-rule** industrial action being taken by its workforce. Worker absences and customer complaints have increased in the past 18 months.

The CEO of *DTC* recently spoke with a corporate leader of another company based in Derry who suggested the *Conciliation and Arbitration Service (CAS)* as a possible provider of solutions to the conflict. The CEO is seriously considering approaching the *CAS* but is slightly concerned that other members of *DTC*'s Board of Directors may think he is weak for seeking external assistance to resolve internal labour issues.

- (a) Define the term *work-to-rule*. [2 marks]

This is a form of industrial action which involves workers firmly sticking to all the working rules laid down by their employers in the contract of employment, with the deliberate intention of reducing the rate of work. This would mean productivity at *DTC* would fall.

- (b) Outline the similarities and differences between conciliation and arbitration. [4 marks]

Similarities – both methods try to get the opposing parties (*DTC*'s management and *DTC*'s worker representatives) to meet so they can try to find common ground and find a solution to the problem (source of the conflict). An independent third party acts as the go between in the negotiation process.

Differences - Arbitration is a formal process and can follow similar procedures to court proceedings where witnesses can be called and evidence can be presented to argue the parties' respective cases. Conciliation is an informal process and normally involves a 'round table' discussion.

- (c) The CEO of *DTC* has decided to explain the benefits of approaching the *CAS* and acknowledge a drawback of this action at the next Board of Directors meeting. Explain **two** benefits and **one** drawback of *DTC* using the *CAS* to help resolve its labour issues. [6 marks]

Benefit 1 – As labour issues are ongoing, this would suggest that attempts at finding solutions have been unsuccessful. With the services of the *CAS*, there is an opportunity to find common ground and a solution which means the work-to-rule industrial action may not have to take place.

Benefit 2 – If successful, this may mean relations in the longer term between management and worker representatives improve. This could make it easier for the CEO to communicate the need for long term strategies to be introduced with less fear of industrial disputes occurring.

Drawback – If the CEO agrees that any decision made by the *CAS* is professionally binding, this may mean *DTC* has to change its human resource policies. This is likely to increase the company's costs and undermine its future plans. If this happens, the CEO may lose his authority over the other members of the Board of Directors.

Derry Motor Company (DMC)

One of the largest employers in Derry is the *Derry Motor Company (DMC)* with 12,000 workers, 92% of whom are members of the *Derry Automobile Union (DAU)*. Recently, *DAU* trade union members have taken a range of industrial action which has escalated and finally led to the workers going on strike. *DMC* has been unable to fulfill customer orders as a result. The *DAU* wants *DMC* workers to follow the labour practices recently introduced by foreign car makers in Derry, which has seen the introduction of a 37-hour working week (reduced from 40 hours), an increase in pay of 5% (*DMC* has offered 2.5% to its workers), an extra 3 days of holiday pay up to 20 days a year (*DMC* has offered one additional day to its workers).

DMC has plans to expand into new markets, so daily operations will need to start at 6am and continue until 10pm. Employees will be expected to work from either 6am - 2pm or 2 - 10pm, and every second Saturday from 10am - 4pm. At the moment, production is Monday to Friday between 8am - 5pm, with 1 hour for lunch. These new shifts mean there would be no more overtime offered. Car production will increase by 40% and 2,000 more workers will be employed. The factories will also become more automated. The government of Derry is keen for the dispute to be resolved and has encouraged *DMC* and the *DAU* to use an arbitration service to help resolve the dispute.

(a) Describe **two** approaches to conflict, other than strike action, that the *DAU* may have taken. *[4 marks]*

Method 1

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Method 2

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(b) Explain the possible role of the arbitration service in the *DMC* and *DAU* dispute. *[4 marks]*

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(c) Journalists have been critical of how *DMC* has tried to introduce its planned changes. An announcement by *DMC* was initially made to shareholders. Suggest how *DMC* could have introduced these changes more effectively. *[4 marks]*

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Answers

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(a) Describe **two** approaches to conflict, other than strike action, that the *DAU* may have taken. [4 marks]

- **Work to rule** – This approach means workers do explicitly what is stated in their job description and would not, for example, help out in another part of the factory if the task itself was not part of the person's job description. This may mean production stops or slows down.
- **Collective bargaining** – This approach means the trade union representatives negotiate on behalf of their members (the workers) to get changes made to the workers' contractual obligations and conditions of service. As the *DAU* represents 92% of the workers (approximately 11,000 people), the strength in numbers should enhance its bargaining power.
- **Overtime ban** - The workers could have decided not to do any overtime, which means they would not work any longer than 40 hours per week. Although overtime is paid at a premium (time and a half or double time) this would reduce *DMC's* productivity and ability to meet customers' orders.

Top tip: For this type of question, 1 mark is awarded for each relevant approach to conflict, and a further 1 mark for the explanation related to the case study material.

(b) Explain the possible role of the arbitration service in the *DMC* and *DAU* dispute. [4 marks]

The arbitration service provider would need to prove to both sides (*DMC* and the *DAU*) that they are impartial in the conflict resolution process. This is because if it is viewed to favour either party, the trade union and employer would not want to meet with them or use their services. The arbitration service may use experienced people with backgrounds in the industry as this would help with impartiality and encourage both sides to accept the final decision. The arbitrator could initially meet both sides separately, so it gets to understand fully the various opinions and then encourage *DMC* and the *DAU* to meet formally. The two parties could then present their cases to the arbitrator who would then make a final judgement that both sides have pre-agreed to accept.

(c) Journalists have been critical of how *DMC* has tried to introduce its planned changes. An announcement by *DMC* was initially made to shareholders. Suggest how *DMC* could have introduced these changes more effectively. [4 marks]

The planned changes that *DMC* wants to introduce have a large impact on workers, so making an announcement to shareholders prior to the workers almost inevitably leads to resentment and resistance from the workforce. *DMC* could have followed some of the following steps:

- Involved the *DAU* in the process by explaining why the proposals or changes were being introduced. Unexpected announcements only lead to misunderstandings and a culture of mistrust.
- As workers would lose overtime, and either have to start earlier or finish later, as well as work on Saturdays, *DMC* could have been more willing to increase the basic pay and increase the number of holidays each year. It could also have asked for volunteers to work on Saturdays who would perhaps get paid more per hour for doing so.
- *DMC* could have communicated the benefits of the changes more clearly, e.g., increased automation is not necessarily a long-term threat to workers as growth can lead to improved job security (the company also plans to recruit an extra 2,000 workers).