Human resource management (A Level)

Organisational structures, centralisation and delegation, business communication, leadership theories and styles, and HRM strategy: employee relations, workforce planning, performance and change management.

7.1 Organisational structure

An **organisational structure** shows **how a business is arranged** into levels, roles and reporting lines.

Term	Meaning
Hierarchy	levels of authority from the top down
Chain of command	the **route** along which orders pass
Span of control	the **number of subordinates** a manager directly supervises
Delegation	passing **authority** to a lower level
Line and staff	**line** managers direct output; **staff** specialists support

Structures

- **Tall (many layers, narrow span of control): close supervision**, clear promotion, but **slow communication**, **high cost**, less empowerment.
- **Flat (few layers, wide span): fast communication**, **cheaper**, more **empowerment**; managers may be **overloaded**.
- **Matrix:** staff report to **both** a functional and a project manager; flexible but can cause **confusion**.
- **Entrepreneurial:** decisions by one person at the centre; common in small firms.

> **Span of control × levels determines the shape. A wide span and few levels is a flat structure; a narrow span with many levels is tall.**

Centralisation and decentralisation

Centralised decision-making keeps decisions at the **top**: **consistent**, **cheap** and tight control, but **slow**, and local knowledge is lost. **Decentralised** structures push decisions **down**: **faster**, **better local response**, **more motivating**, but risk **inconsistency** and weaker control.

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Delegation and empowerment

Delegation is passing **work with authority**; **empowerment** goes further by giving staff **decision-making power**. Benefits: **motivation**, **faster decisions**, development of staff. Risks: **mistakes**, loss of control, **staff unwilling** to take responsibility. It needs **trust**, **training** and **clear targets**.

Informal organisation

The **informal organisation** (friendships, networks) works alongside the formal one and can **speed work**, or spread **rumours** and resist change.

Purpose of structure, types and change

A structure should be **flexible**, **meet the business's needs**, allow for **growth and development** and **encourage intrapreneurship** (for example by giving staff freedom to innovate). Structures can be **functional** (by department: marketing, finance), **by product** (a division for each product line), **by geography** (by region) or **matrix**. **Functional** structures give **specialist skills** but can lead to **silos**; **product or geographic** structures give **focus and local response** but may **duplicate work**.

Structures **change** because of **growth**, **new markets or technology** and **delayering** (removing layers of management to **cut costs and speed communication**, at the cost of **job losses and wider spans of control**). A structure shows **levels of hierarchy, chain of command, span of control, responsibility, authority, delegation, accountability, centralisation and decentralisation**.

Authority is the **power to make decisions and give orders**; **responsibility** is the **obligation to carry out a task**. **Accountability** is being **answerable for results**: when a manager **delegates**, the **authority and responsibility pass down** but the manager **remains accountable**. **Delegation frees managers** and **develops staff**, but there is a **conflict between control and trust**: too much control **demotivates**; too little risks **mistakes**. A **wide span of control** means fewer levels of hierarchy; a **narrow span** means more.

Line managers have **direct authority** over production or sales; **staff** functions (HR, finance, IT) give **specialist advice and support**. **Conflicts** arise when staff specialists **advise** but line managers **do not accept** it, or when specialists **resent line authority**.

7.2 Business communication

Communication is the **transfer of information** so that it is **understood**. Good communication supports **co-ordination**, **motivation** and **decision-making**.

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Direction	Examples
Vertical	between levels: instructions down, **feedback** up
Horizontal	between departments at the same level
Formal	official channels: reports, meetings
Informal	casual talk, social networks

Methods: written (reports, email), **verbal** (meetings, calls), **digital** (video conferencing, **intranets**, messaging), **visual** (charts, presentations).

Barriers: jargon, **too many layers**, **information overload**, **lack of trust**, **language and cultural differences**, **poor timing**, **faulty technology**. **Remedies: simplify** messages, **feedback**, **flatter structures**, **training**, **choose the right medium**.

Effective communication gives **fewer mistakes**, **better relations** and **faster decisions**; **poor** communication causes **conflict** and low morale. **Technology** speeds communication but cannot replace **face-to-face** contact for **sensitive** issues.

Methods, channels and improving communication

Method	Strengths	Weaknesses
Spoken (meetings, calls)	**immediate**, allows **feedback**, personal	**no record**, can be **misheard**
Written (reports, letters)	**permanent record**, detailed	**slow**, **no instant feedback**
Electronic (email, messaging)	**fast**, cheap, reaches many	**overload**, can be **impersonal**, security risks
Visual (charts, video)	**clear and memorable**	**costly** to produce, can **oversimplify**

One-way communication (an instruction) is **quick** but gives **no feedback**; **two-way** communication allows **replies and checks understanding**. **Problems** with channels include **delay**, **distortion** as messages pass through many layers and **overload**. **Informal** communication (the grapevine) can **speed information** and build **morale**, but also spread **rumours**. Good communication **raises efficiency** by **reducing errors, speeding decisions and improving co-ordination**. To improve it: **use the right method for the message**, **flatten the structure**, **encourage feedback**, **train managers** and **use technology** appropriately.

7.3 Leadership

Leadership is **influencing others to achieve goals**. Leadership theories and styles:

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Approach	Idea
Trait theory	effective leaders have certain **personal qualities** (confidence, vision)
Style theories	leadership styles: **autocratic, paternalistic, democratic, laissez-faire**
Contingency (situational) theory	the best style **depends on the situation**: task, followers, urgency
Transformational	**inspire** followers with a vision and change
Transactional	leadership by **rewards and punishments**

Tannenbaum and Schmidt's continuum runs from **tell** (the leader decides) to **join** (the group decides), with the right point depending on **staff skills**, **time** and **the issue**.

> **No single style is best. Autocratic suits an emergency or unskilled team; democratic suits a skilled team with time to discuss.**

Leadership also relates to **power** (reward, legitimate, expert), the **culture** of the business, and **motivation** (see Chapter 2). **Culture** is the **shared values and ways of behaving** in a firm; **leaders shape culture**, and a strong, positive culture can raise performance, but a poor fit slows **change**.

Leadership roles and qualities

Leadership happens at **different levels**: **directors** set the **strategy** and culture; **managers** plan, organise and control departments; **supervisors** direct **day-to-day work** and give feedback; **worker representatives** (union reps, council members) represent **employees' views** and can **influence morale**. A good leader has **vision, integrity, communication skills, decisiveness, empathy** and the ability to **motivate** others.

Leadership theories include: **trait** (born leaders), **behavioural** (styles such as autocratic and democratic), **contingency** (depends on the situation), **power and influence** (**reward, coercive, legitimate, expert and referent** power) and **transformational** (inspiring change).

Emotional intelligence

Goleman argued that **emotional intelligence (EQ)** matters as much as technical skill. It has **four competencies**:

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Competence	Meaning
Self-awareness	understanding **your own emotions, strengths and limits**
Self-management	**controlling impulses**, staying calm and adaptable, taking initiative
Social awareness	**empathy**: reading **others' feelings** and the mood of a group
Social skills	**managing relationships**: communication, teamwork, influence, resolving conflict

Leaders with high EQ build **trust and motivation**, but EQ is **hard to measure** and **not a substitute** for technical or strategic ability.

The **purpose of leadership** is to **give direction, motivate people and achieve the objectives** of the business.

7.4 Human resource management (HRM) strategy

HRM strategy links **people management** to **corporate strategy**. **Hard HRM** treats staff as a **cost to be controlled** (flexible contracts, tight control); **soft HRM** treats staff as **assets to be developed** (training, involvement).

Workforce planning and flexibility

Workforce planning forecasts **demand for labour** and **supply**, to match staff to needs. Tools: **recruitment**, **retraining**, **flexible contracts**, **outsourcing**, **redundancy**. **Flexible workforce** includes **part-time**, **temporary**, **zero-hours**, **freelance** and **home-working**; it reduces cost and copes with **fluctuating demand**, but weakens **loyalty and skills**. Other flexible contracts include **annualised hours** (a **total number of hours across the year**, shared out as demand varies), **flexi-time** (staff choose **start and finish times** within limits), **shift working**, **job sharing**, **compressed hours** and the **gig economy** (short **task-based** work paid per job). Advantages: **lower costs**, **better match to demand**, **work-life balance**. Disadvantages: **less security and loyalty**, **harder to train and manage**, possible **lower skills**.

Employee performance

- **Appraisal** and **performance management:** set **objectives**, review **progress**, give **feedback**.
- **Rewards** and **development:** link to **performance**.
- **Poor performance** shows in **low output, errors, absence and complaints**; it can be caused by **poor motivation, lack of training, poor management** or **unsuitable tasks**. Strategies include **training, coaching, better motivation, redesigning jobs** and, as a last resort, **discipline**.
- **Employee engagement** and **participation: works councils**, **quality circles**, **suggestion schemes**.

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Management by Objectives (MBO)

MBO is a system where **managers and employees agree objectives** (linked to **corporate objectives**), **work towards them** and **review results** against them. **Usefulness: clear targets**, **motivation** from involvement, **better communication** and a basis for **appraisal**. **Limits: time-consuming**, objectives may be **set too easily or too narrowly**, and changing conditions can make them **out of date**.

IT and AI in HRM

IT and artificial intelligence (AI) are changing HRM: **online recruitment and automated CV screening**, **chatbots** answering staff questions, **data analytics** for workforce planning and performance, **e-learning**, **remote working tools** and **automated payroll**. Benefits: **faster, cheaper, more consistent** processes. Risks: **bias in algorithms**, **loss of the personal touch**, **data privacy** and **job losses**, so decisions still need **human judgement**.

Employee relations

Collective bargaining between employers and **trade unions** sets pay and conditions. Conflict can lead to **industrial action** (strikes, work-to-rule); good relations use **consultation**, **arbitration** and **single-union agreements**.

Managing change

Change (new technology, restructuring, mergers, new markets) meets **resistance** from fear of the unknown, loss of status or security. **Managing change: communicate early**, **involve** staff, give **training and support**, and introduce **gradually** where possible. **Lewin's** idea: **unfreeze → change → refreeze**; **Kotter's** steps stress urgency, a coalition, vision and **small wins**.

> **TRY IT**
>
> A tall hierarchy is slow to react. Name two changes that could make a firm more responsive.
>
> **Remove management layers** (flatter structure) and **delegate decisions** to lower levels.

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