

## Key Topic Checklist - People in Businesses (Unit 1)

<b>Topic 4.1 Recruiting</b>		
<b>Topic</b>	<b>Notes</b>	<b>Revised?</b>
<b>The need for recruitment</b>	<p><b>Recruitment</b> is the process of finding and appointing new employees</p> <p><b>Reasons for recruitment</b></p> <ul style="list-style-type: none"> <li>● Entrepreneurs cannot carry out all the tasks and duties themselves → need help</li> <li>● Reduce the workload on the entrepreneur</li> <li>● New employees can bring in new ideas and skills</li> <li>● When an existing worker leaves or is dismissed and needs to be replaced</li> </ul> <p><b>Full-time workers</b> are employees that work the full working week, usually between 35 and 40 hours each week.</p> <p><b>Benefits of recruiting full-time workers</b></p> <ul style="list-style-type: none"> <li>- Fewer staff will be needed as they work more hours per week</li> <li>- Easier to manage and control fewer staff</li> <li>- Workers may feel more secure and motivated having a full-time job, and earning more money than if they worked part time</li> </ul> <p><b>Part-time workers</b> are employees that work for a proportion of the normal full working week, e.g. 18 hours.</p> <p><b>Benefits of recruiting part-time workers</b></p> <ul style="list-style-type: none"> <li>- Number of customers may not justify a full-time worker, so a part-time worker saves on wages.</li> <li>- Can be asked to work just at busy periods during a week - greater flexibility for the employer</li> <li>- Some workers may prefer part-time jobs, for example, if they have children</li> </ul>	
<b>Recruitment methods</b>	<p><b>Internal recruitment</b> takes place when a job vacancy is filled from within the existing workforce</p> <p><b>Appropriate methods include</b></p> <ul style="list-style-type: none"> <li>● A business might put notices up in the workplace inviting suitable employees to apply for a position</li> <li>● A senior employee might recommend someone for a post - this is known as personal recommendation</li> <li>● In very small businesses, the owner may simply tell the</li> </ul>	

	<p>employees that there is a job vacancy</p> <ul style="list-style-type: none"> <li>● In slighter larger businesses, vacancies may be advertised on the business's internal website or in the business' newsletter</li> </ul> <p><b>External recruitment</b> is filling a job vacancy from any suitable person not already employed by the business</p> <p><b>Appropriate methods include</b></p> <ul style="list-style-type: none"> <li>● Advertising - via newspapers and magazines, or on the web or radio, inviting interested people to apply</li> <li>● Job Centres - These are run by the government and can put businesses in touch with skilled unemployed workers</li> <li>● Employment agencies - these are privately owned agencies that help businesses to recruit employees</li> </ul> <p><b>Interviews</b> are most common form of selection. They may involve one or two interviewers or even an interview panel of several people.</p>	
<p><b>Remuneration</b></p>	<p>One of the main reasons why people work is to receive money.</p> <p><b>Remuneration</b> is a term that means the payment of workers</p> <p><b>Wages</b> are money paid to workers in return for work and are normally paid each week</p> <p><b>Salaries</b> are money paid to workers in return for work and are normally paid monthly</p> <p><b>Factors that influence how much someone is paid...</b></p> <ol style="list-style-type: none"> <li>(1) <b>Skills</b> - higher skilled employees are more likely to be paid more than someone without the same skills</li> <li>(2) <b>Experience</b> - A business is likely to be willing to pay higher wages or salaries to employees with previous experience of the job.</li> <li>(3) <b>The general level of wages or salaries</b> - all businesses have to take into account what other firms are paying their employees, particularly in the local area.</li> </ol>	
<p><b>Monetary and non-monetary benefits</b></p>	<p><b>Monetary benefits</b> are additional financial payments made to employees on top of their wages or salaries.</p> <p><b>Types of monetary benefits include...</b></p> <ol style="list-style-type: none"> <li>1. <b>Bonuses</b> - This is when employees receive extra amounts of pay when they achieve certain targets in their jobs.</li> <li>2. <b>Pension</b> - In addition to the state pension, businesses are expected to offer their own pension schemes.</li> </ol>	

	<p><b>3. Profit sharing scheme</b> - Employees working in certain businesses are given a share of the profits that the business makes. If the business is not profitable, the employees do not receive an additional payment.</p>	
	<p><b>Non-monetary benefits</b> are rewards given to employees that are not in a financial form, such as free lunches.</p> <p><b>Types of non-monetary benefits include...</b></p> <ol style="list-style-type: none"> <li>1. <b>Flexible hours</b> - may suit employees with responsibilities outside work.</li> <li>2. <b>Fringe benefits e.g. free lunches</b> - can save employees money and also the time necessary to make a lunch</li> <li>3. <b>Being part of a team/greater teamwork</b> - can help make work much more enjoyable for employees</li> </ol>	

#### 4.2 Motivating Staff

Topic	Notes	Revised?
<p><b>Benefits to the business of motivated staff</b></p>	<p><b>Motivation</b> is the range of factors that influence people to behave in certain ways</p> <p><b>According to Maslow, workers have the following needs which need to be met, if they are to be motivated at work.</b></p> <ol style="list-style-type: none"> <li>1. <b>Physiological needs</b> - these are the most basic needs that a person has and relate to the needs of the human body e.g. food, warmth.</li> <li>2. <b>Safety needs</b> - People need to feel safe and secure in their jobs</li> <li>3. <b>Love and belonging needs</b> - Workers want to be part of a group and feel socially accepted as part of that group.</li> <li>4. <b>Ego or self-esteem needs</b> - Workers want to feel valued and respected for the work they do.</li> <li>5. <b>Self actualisation</b> - Workers need to be given the opportunity to stretch themselves and work to their full potential, through advancement or promotion.</li> </ol> <p><b>Benefits to the business of having well-motivated staff</b></p> <ol style="list-style-type: none"> <li>1. <b>Hard-working employees</b> - Motivated employees normally work hard and try to do their jobs as well as possible, meaning they give better service.</li> <li>2. <b>Employee loyalty</b> - Motivated employees are more likely to be loyal to a business and to remain with it. This is a major benefit as it avoids the cost of advertising and training new employees.</li> <li>3. <b>Offering support to the entrepreneur</b> - If employees are motivated they make suggestions on how to improve the running of the business or offer to take on extra duties etc.</li> </ol>	

<p><b>Methods of motivation used by small businesses</b></p>	<p><b>Suitable methods of motivation used by small businesses include...</b></p> <p><b>(1) Giving more workers greater responsibility</b> - E.g. by giving workers more power or control in their jobs (authority) or giving workers more interesting and challenging tasks (job enrichment)</p> <p><b>(2) Training</b> - this is the giving of job-related knowledge and skills to an employee - for example, teaching a new employee to drive a fork-lift truck.</p> <p><b>3) Financial records</b> - E.g. by offering employees bonuses for achieving certain targets in terms of sales or production, or by giving them a share of the profits of the business, if there are any.</p>	
<p><b>4.3 Protecting Staff through Understanding Legislation</b></p>		
<p><b>Topic</b></p>	<p><b>Notes</b></p>	<p><b>Revised?</b></p>
<p><b>Equal pay and minimum wage laws</b></p>	<p><b>Legislation</b> is a set of law that govern the way society operates It is another term for 'laws'.</p> <ul style="list-style-type: none"> <li>- <b>Equal Pay Act 1970</b> - this law states that businesses must treat employees of both sexes equally.</li> <li>- <b>National Minimum Wage Act 1998</b> - This law guarantees that all employees are paid at least a minimum wage per hour (this is currently £5.80 for all employees aged 22 years and over).</li> </ul> <p><b>Effects on small businesses of such laws...</b></p> <ul style="list-style-type: none"> <li>- The national minimum wage and equal pay act has increased the costs of production for small businesses, meaning they could be less profitable.</li> </ul>	
<p><b>Discrimination</b></p>	<p><b>Discrimination</b> means treating one person differently from another, without good reason.</p> <p><b>Example of Anti-Discrimination Laws</b></p> <ul style="list-style-type: none"> <li>- <b>Sex Discrimination Act 1975</b> - this law makes discrimination on grounds illegal in employment, e.g. business cannot advertise jobs for men (and women) only.</li> <li>- <b>Race Relations Act 1976</b> - this makes it illegal to discriminate, in relation to employment, against men or women on the grounds of sex, marital status, colour or race.</li> <li>- <b>Disability Discrimination Act 1995</b> - this makes it illegal for an employer to treat a disabled person less favourably than others. It also requires employers to make 'reasonable adjustments' to the working environment to allow the employment of the disabled.</li> </ul>	

	<p><b>Effects on small businesses of discrimination laws...</b></p> <ul style="list-style-type: none"> <li>- The owners and managers of small businesses need to make sure their job adverts are not discriminatory in any way. All people must be treated fairly.</li> <li>- Can lead to extra costs for the business, e.g. a small business may need to pay for legal advice relating to discrimination.</li> </ul>	
<p><b>Employment rights</b></p>	<p>There are a large number of laws giving employees a variety of rights at work.</p> <p><b>Examples of employee rights include:</b></p> <ul style="list-style-type: none"> <li>- The legal right to have maternity and paid holidays</li> <li>- The legal right to join a trade union</li> <li>- The legal right to work in a safe working environment.</li> <li>- The legal right to receive suitable training</li> <li>- Being allowed time off for certain reasons</li> <li>- Being given a contract of employment, which must state the amount they are to be paid and when they will receive this.</li> </ul> <p><b>Effects on small businesses of employment right laws...</b></p> <ul style="list-style-type: none"> <li>- Negative affects are small businesses paying extra costs. For example, a small business has to give maternity pay for an employee, as well as pay the wages or salary of a replacement employee.</li> <li>- Benefits might include increased employee motivation. For example if employees are able to look after a dependent child or adult in crisis, then they are likely to feel respected and valued.</li> </ul>	
<p><b>Health and safety</b></p>	<p>Health and safety laws prevent businesses putting employees in danger and so protect the workforce. The laws try to stop accidents happening in the workplace.</p> <p>The <b>Health and Safety Act 1979</b>, states that employers 'must ensure they safeguard all their employees' health, safety and welfare at work.'</p> <p><b>Effects on small businesses of health and safety laws...</b></p> <ul style="list-style-type: none"> <li>- Negative affects include increased costs, e.g. installing safety equipment, carrying out health and safety inspections, and putting the notices up required, will all add to a small businesses costs, as well as be very time-consuming.</li> <li>- Benefits might include increased employee motivation, as they know their safety needs are met. Compliance also means the business having to avoid paying large fines.</li> </ul>	