

### **C).PERSONAL SELLING / SALES MAN SHIP /CREATIVE SELLING.**

This is where a team of sales persons are employed to sell goods directly to the customers.

It involves sending sales persons to visit customers in their homes and offices and discuss with them about new / existing products sold the firm. Eg hawkers (batembeeyi).

#### **Characteristics / traits of creative sales person.**

- i. Good judgment. He / she avoids arguing with the customers.
- ii. Tactful. He /she maintain good customer relations.
- iii. Positive attitude towards customers.
- iv. Attractive personality ie the capacity to attract and influence customers.
- v. Honesty and sincerity. He talks the truth and does not cheat.
- vi. Knowledge about himself, his firm and the products.

#### **Importance / advantages of personal selling to an entrepreneur.**

- i. Personal selling helps in winning customers confidence about the goods and services due to face to face situation.
- ii. It enables the entrepreneur through the sales person to deal directly with the customers.
- iii. It leads to a twoway communication between the buyers and sales person who create immediate feedback to certain messages and meet customers needs.
- iv. It enables the entrepreneur to negotiate specific needs o direct customers as regards prices, quality, services offered etc.
- v. It enables an entrepreneur to have wide market coverage by employing sales agents in various geographical areas.
- vi. It creates a long term relationship between the sellers and the buyer due to frequent interaction with the customers.
- vii. It helps to demonstrate the product function and performance characters.

#### **Disadvantages of creative selling.**

- It is very expensive to maintain the sales person in terms of salaries and wages.
- Salespersons interact with only one buyer at a time leaving the majority unattended to.
- If the sales force is not well trained and equipped, it may end up spoiling the customers.
- Some sales persons are given samples but they do not give them out to customers.

- Traveling sales men face a lot of risks and problems like road accidents, robbery and bad weather.
- It cannot effectively be carried out where many products are involved.
- Some sales men may be rude and unfriendly to customers.

**Qns.** Why is there need to carry sales man ship in business.

### **PERSONAL SELLING PROCESS / STEPS / WAYS OF CARRYING OUT PERSONAL SELLING.**

Personal selling involves the following steps.

- **Presale preparation / pre customer contact.** This involves recruiting, training and motivating of sales persons. They are trained on the operation of the products, knowledge and selling techniques as well as target customers and competitors.
- **Prospecting.** This stage involves identifying buyers, their needs and purchasing power.
- **Approaching /initial contact.** This involves the sales person introducing him /herself and a product to the customers in the polite manner.
- **Presentation.** This is where the sales person gain the customers attention by presenting the product to the customers, explaining briefly the features of the product and its benefits to the customers.
- **Handling objections.** This is where the sales person clears all doubts and objections in the customers minds by convincing the customers buy without entering into a controversial argument and without losing temper ie the sales person motto should always be (the customer is always right).
- **Closing the sale.** This is where the sales person allows the customer to feel that he had made a final decision but without forcing him to buy.
- **Post sales follow up / sales follow up.** This is a last stage which involves the activities carried out to ensure that the customer is satisfied with the product and entire business. it may involve after sales activities like free installation on of the product.

### **CUSTOMER CARE AND CUSTOMER RELATIONS.**

This refers to the process by which an organization delivers its services / goods in a way that allows the customers to access the in the most efficient and effective way.

#### **Reasons for promoting good customer care.**

- To improve the company image and reputation.
- To maintain the old customers of the business.
- To avoid wasteful advertising.
- To put the business at a competitive advantage over all firms.

- To increase and eventually profits.
- To establish demand / market shares.
- To ensure customer satisfaction.
- To improve relationship with business customers .
- To create a brand loyalty.
- To get feed back about customers feeling about the product.
- To attract new customers.

### **Ways /manifestation of showing good customer care.**

- Being honest to customers ie by giving them right qualities and quantity.
- Handling customers complaints tactfully for instant underweight, over pricing, poor quality etc.
- Offering prompt and excellent services to customers ie serving them whenever they show interest / demand for the goods / services.
- Being pleasant to customers ie serving the customers with happiness especially through verbal and nonverbal communication.
- Having sound knowledge of the business product ie having ability to explain to the customers information concerning a product.
- Offering after sales services to customers eg delivering services.
- Welcoming customers suggestions, opinions, criticisms through a dialogue.
- Giving discounts to customers who buy in large quantities / pay promptly.
- Improving on the quality of the products regularly depending on the market demands.
- Offering occasional prices reductions to customers.
- Extending credit facilities to trust worthy customers.
- Being efficient and available to assist the customers from time to time.
- Being clear when communicating to customers.

### **Indicators of good customers care in the business.**

- Increase in sales and profits of the business.
- Decrease in advertising costs / rates.
- Repeat / continuous purchase by customers.
- Availability of sales services.
- Availability of suggestion boxes.
- Honesty to the customers.
- Allowing discounts to customers.

### **Ways of handling difficult customers.**

- Acknowledging and evaluating customers objectives but not agreeing.
- Being calm and pleasant while serving customers.

- Compensation of customers by price reductions ,refund / replacement of goods in case the previous purchase have had a problem.
- By listening carefully to customers ie do not argue with customers.
- Being specific with customers' needs like size ,quality, colour etc.
- Ensuring promise keeping.
- Taking the customers as a king.
- By not getting angry /upset with customers.

## **DISTRIBUTION CHANNELS OR GOODS AND SERVICES.**

A distribution channel (chain of distribution) refers to the arrangement /path through which products move from the producer to the final customer.

### **Types of distribution channels.**

1. Manufacturers to customers channels (short /direct channel). This involves a manufacturer selling directly to the final customers.
2. Manufacturer to retailer to customer (medium channel). In this channel, the producer sells the products to the retailer who finally sale the, to consumers in small quantities.
3. Manufacturer to wholesaler to retailer to consumer ( long channel). In this channel, the producer sells to wholesalers who is turn sell to retailers and the retailers sell final consumers.
4. Manufacturer to agent to retailers to consumers. this is a type of distribution channel where a producer supplies goods to his agent who sells to a retailer and a retailer finally sells to the final consumers.
5. Manufacturers to agent to wholesalers to retailers to consumers. In this channel a manufacturer supplies goods to his agent and the agent sells to the wholesalers who in turn sells to a retailer and a retailer finally sells to the final consumers.

### **FACTORS TO BE CONSIDERED WHEN SELECTING A DISTRIBUTION CHANNEL.**

1. **Nature of the product.** Bulky and heavy products and perishable items are distributed directly to the consumers to minimize the transport costs while Light and durable goods are sold through long channel.
2. **Nature off the market.** For a small market, direct channel is used while for a large market with widely scattered buyers other channel are convenient.
3. **Nature of the business.** Manufacturing and trading business can use all distributing channels available while agriculture business direct selling is preferable.
4. **Value of the product.** High valued commodities which don't need a lot o handling are distributed directly to final consumers while low valued products are distributed through middle men so as to minimize the costs.

5. **Speed and urgency of the product.** Products which are needed urgently are sold directly to the consumers while goods which are not urgently needed a long channel is preferred.
6. **Level of competition in the market.** A high levels of competition requires direct selling while low levels of competition in the market allows the entrepreneur to sell through middle men .
7. **Availability of storage facilities.** Producers with good storage facilities to maintain quality of the product and constant supply, a long channel are used.
8. **Availability of middle men.** Absence of desired type of middle men who are able and willing to provide all relevant services to customers enable the entrepreneur to sell through them.
9. **Cost of the distribution channel.** If the cost of distribution is high the entrepreneur is advised to use long channel.
10. **Distribution policies of an enterprise.** Firms that desire control over distribution and are financially stable, use direct selling. Firms that lack sufficient funds sell through middle men .
11. **Quantity of goods bought by the consumer.** Producers whose customers buy on a large scale sell directly while through middle men is suitable for small quantities.

### **Terms and conditions for selling goods and services.**

They are Major two terms namely cash basis and credit selling.

**1. CASH BASIS.** This is where the goods and services are sold at full cash payment.  
**Advantages o selling on cash.**

- **It provides constant supply of working capital** ie when goods are sold on cash the business get enough capital to run it .
- It helps to reduce on risks of bad debts. There are not bad debts when goods are sold on cash basis.
- It enables proper management of stock / inventory. Business stock is well managed when goods are sold on cash.
- It enables constant supply of inventories, when goods are finished there is cash to replace.
- Helps the entrepreneur to plan or the proper use of his working capital.

## **2. SELLING ON CREDIT.**

This involves giving out goods/ providing services to customers who promise to pay on a stated date, when goods are sold on credit an invoice is issued.

### **CONDITIONS / CIRCUMSTANCES FOR CREDIT SALES.**

- ❖ When the customer is well known to the entrepreneur and has been carefully and properly assessed by the entrepreneur.
- ❖ When the entrepreneur can purchase on credit, if the entrepreneur can not buy on credit, then he does not sell on credit.
- ❖ When the entrepreneur has sufficient working capital to finance the credit sales.
- ❖ If the entrepreneur is faced with a crisis like goods are about to expire.
- ❖ If there are strong and effective laws to recover the debts.
- ❖ In case the buyer is faced with a deflationary economic situation.
- ❖ If the customers has a strong collateral security to be presented.
- ❖ When there is need to build the customers loyalty.
- ❖ In case an entrepreneur expects prices to fall in future.
- ❖ When the entrepreneur needs to widen his /her market share.
- ❖ When it is the entrepreneur policy to sell goods on credit.

### **ADVANTAGES OF SELLING ON CREDIT.**

- i. It creates a good relationship between the entrepreneur and customers thus building good will.
- ii. It enhances the buyer bargaining power because of the credit extended thus increasing on profits.
- iii. Helps the business to meet customer's financial requirements. Customers with the low income are able to get their needs with credit selling.
- iv. It helps the entrepreneur to sell off goods which are about to expire or get out of fashion.
- v. It is used as a marketing tool and this increases sales and profits.
- vi. Credit selling helps the entrepreneur to out compete his / her rivals in business.
- vii. It helps to increase on the profits of the business since usually goods sold on credit attract higher prices than cash.

### **CHALLENGES / DISADVANTAGES OF SELLING GOODS ON CREDIT.**

- i. Working capital is tied up in debts which reduces day to day amount for operating business.
- ii. There is a challenge of maintaining a relationship with customers especially with those who default.
- iii. It is always difficult to establish the credit worthiness of customers before giving credit.
- iv. It is so difficult to recover the money leading to bad debts.
- v. There is a challenge of high administrative expenses to keep track of debtors.

- vi. Challenges of unfavorable government policies in regards to credit sales.
- vii. It is difficult to plan for the business since money recovering is not reliable.
- viii. Limited record keeping as majority of business men have poor record keeping system.

## REVISION QUESTIONS

- 1) (a) Distinguish between Sales promotion and Advertising as used in entrepreneurship (4 marks)  
(b) Under what circumstances may an entrepreneur carryout sales promotion (6 marks)  
(c ) Discuss the various ways used by an entrepreneur to promote sales.(10 marks)
- 2) Define the term personal saling (2 marks)  
(b) Discuss the various steps taken when carrying out sales Manship (18 marks)
- 3) (a) Explain four types of distribution channel (8 marks)  
(b) Discuss the factors considered when selecting medium of advertising. (12 marks)

## NEW TOPIC (Start it on new page)

### PERSONNEL MANAGEMENT/HUMAN RESOURCE MANAGEMENT

**Human resource management** is the process of recruitment, training and development of human resource of the organization with the aim of getting maximum productivity from them.

OR

HRM refers to the process of planning, monitoring, controlling and administering of personnel to include their recruitment, motivation and retention in the production process.

### Objectives /purpose /rationale /need for personnel management/Human resourcemanagement

- i. To promote workers efficiency and effectiveness at work through training.
- ii. To promote team work that leads to rapid enterprise development
- iii. To develop workers talents, abilities, skills and competence for better performance through training of workers.
- iv. To appreciate and fairly reward workers for their contribution to the enterprise through remuneration programs.
- v. To identify man power gaps in the company and make appropriate plan of filling them.
- vi. To facilitate proper recruitment and appointment of suitable work force.
- vii. To offer advices / counseling to workers in relation to their personal work-related problems.
- viii. To identify inefficient workers and recumbent for their termination.
- ix. To undertake proper manpower development that is important to organizational development.
- x. To promote the image of the organization for example trained workers offer good quality services
- xi. To ensure constant availability of workers to the organization when there is need

### IMPORTANCE OF PERSONNEL MANAGEMENT/ HRM.

- i. It enables the business to recruit the right people with the right skills to fill the right positions hence increasing on productivity.
- ii. It enables the organization to minimize damage to machines and equipments by using technically competent people hence minimizing cost of production.
- iii. It enables the organization to be efficient and effective in achieving its set targets i.e by utilizing the available resources.



- iv. It helps the organization to minimize costs in the enterprise that results from wastage of resources, cost of repair for machines. This is because right people with right skills are filled in production.
- v. Improves on working conditions of employees in an organization i.e. good terms and conditions of services which motivates workers in an organization.
- vi. It ensures the well-being and long-term survival of a firm because it leads to team spirit among workers.
- vii. It provides motivation to the workers to work hard towards achieving the st business goals.
- viii. It helps to improve employee skills and productivity through staff training.
- ix. It promotes good public image and relation for the organization and general public as workers exit honorably and always talk only positive about the business.
- x. Leads to good relationship employers and the employees which promotes success in the organization.
- xi. It enables the entrepreneur to avoid overlapping of activities in an organization through job description.
- xii. It encourages respect for workers' rights and helps them to work within the labour legislation. This helps to minimize exploitation of workers by employers.
- xiii. It enables the firm to compete favorably for the market share. This is because competent workers in the firm improve quality and attract more customers.
- xiv. Helps to reduce on labour shortages as the entrepreneur is able to identify manpower gap and recruit right people in right positions.

## **HUMAN RESOURCE/ PERSONNEL REQUIREMENTS OF THE BUSINESS.**

Human resource requirements refer to the determination of staff, their skills and others. They include the following.

**1. JOB DESCRIPTION** refers to a written statement which describes major duties and responsibilities of a particular job. It contains the following.

- Type of the job.
- Location of the job /department.
- Main duties and responsibilities of the job.
- Supervision given and reporting line.
- Job relationship to other jobs / department.
- Working conditions.
- Office equipments.
- Salary structure.
- Terms of employment.

**2. JOB SPECIFICATION.** It refers to a detailed statement that shows the physical and mental requirements needed in doing the job. It involves the following.

- i. Qualifications i.e Education level
- ii. Physical requirements e.g. health, size.
- iii. Working experience.
- iv. Remuneration.
- v. Personal characteristics like team work
- vi. Other requirements and skills like communication skills, computer skills
- vii. Skills and knowledge required
- viii. Job title
- ix. Working habits
- x. Gender
- xi. Age
- xii. Marital status
- xiii. Religious issues
- xiv. Place of residence

**3. Job Grading;** This is the process of determining the value of jobs in an organization so as to determine workers payments.

## **ELEMENTS /COMPONENTS OF HRM/PERSONNEL MANAGEMENT**

**QN:** *Discuss the various elements of human resource management*

- 1. Manpower planning:** This refers to the process of assessing of man power requirements of the enterprise and laying down strategies for development, utilizing and retaining required manpower.
- 2. Recruitment:** This is the process of attracting and identifying suitable worker to a given job. This is the process of hiring talented employees for certain jobs by motivating them to apply for those jobs which are available in an enterprise through using internal and external sources of employees.
- 3. Employee selection:** This refers to the process through which the best candidate is chosen for a particular job. It refers to the process which involves gathering information about each applicant for a position and then using that information to choose the most appropriate applicant.
- 4. Employee placement:** This refers to assigning or attaching different employees to different departments.
- 5. Employee induction/orientation:** This refers to introducing new employees to the organisation by giving them special instruction on how to do ascertain job given to them.
- 6. Employee training:** This is the process of improving workers performance due to knowledge and skills attained from future training.

7. **Remuneration or Payment of employees:** This involves determining workers payment in terms of salaries, wages and allowances
8. **Employee motivation:** This refers to the process of stimulating workers morale to work hard in order to achieve the desired objectives in an organization
9. **Communication:** This involves formal and informal flow of information between employees and employers in an organization.
10. **Performance appraisal:** This involves evaluating workers performance of a given job based on various considerations.
11. **Employees termination:** This involves laying off or dismissal of inefficient workers from their jobs.
12. **Handling employee grievances:** This involves an employer laying strategies on how to handle employees' problems.

## MANPOWER PLANNING/HUMAN RESOURCE PLANNING

This refers to the process of determining the current and future resource needs of workers in the organization in order to lay strategies on how to utilise, develop and retain workers.

### IMPORTANCE OF MANPOWER PLANNING

- It helps in avoiding labour shortages. This is because it enables an entrepreneur to identify man power gaps so as to fill them in order to reduce labour shortages
- It enables efficient and effective use of manpower in an organization. This is because every worker is given a task to perform hence promoting efficiency in business
- It enables the organization to recruit the right number of employees which reduces on resource wastage in form of excess labour .
- It enables the organization to achieve its set goals and objectives since workers are driven towards the organizational goals hence leading to organizational growth.
- It promotes good working environment in an organization. This is because workers are planned for in form of better remuneration/payments, allowances etc.
- Enables promotion of workers in future. Through planning, organizations are able to come up with clear ways of promoting workers to higher positions.
- Helps in reduction of labour costs in organization since people with skills are recruited for particular job.
- It promotes individual development of workers in the organization through the skills gained from training.
- It facilitates labour mobility since workers will gain skills and abilities through training in order to fit new positions.

### Activity 1

Explain the reasons/objectives / rationale of man power planning.

NB: Use the importance above and use the right approach

## RECRUITMENT OF WORKERS

This is the process of attracting and identifying suitable worker to a given job in an organization.

### STEPS/PROCESS/PROCEEDURES OF RECRUITING WORKERS

- 1. Analysing the business man power needs.** This involve analyzing the current employees and skills so as to determine the vacant post to be filled.
- 2. Preparing the job description and specification,** These are written descriptions of the role you are recruiting for and the type of candidate needed to fill it. This enables the entrepreneur to establish the skills required for a job in order to attract the right applicants with the right documents.
- 3. Designing a job advertisement and placing in the media.** This is done so as to attract the right applicants. The media selected depends on the nature of the source for example newspapers, social Medias can be used for outside sourcing.
- 4. Receiving applications and handling inquiries about the job.** This gives a chance to the business to get many applicants as possible.
- 5. Reviewing applications and short-listing suitable candidates.** This is guided by the elements or qualifications of the job that detects the nature of individual to be recruited.
- 6. Sending invitation letters or messages to the shortlisted candidates inviting them for interviews.**
- 7. Establishing the interview panel and formulating interview questions.** This is usually done by the heads of departments and human resource manager.
- 8. Conducting interviews.** This is where the candidates face the interview panel and answer or ask any questions to prove that they are the best.
- 9. Contacting referees for the applicants.** Once top candidates have been shortlisted, it's important to check their references to establish the validity of the information given to the panel.
- 10. Communicating the interview results to the applicants i.e both solicited and unsolicited.** This can also involve offering appointment letters to those who succeeded indicating their terms of the job.
- 11. Designing an Induction and orientation training to the new employees.** This is where new employees are officially introduced into the organization and departments by helping them to settle as much as possible hence making new employee feel welcomed.
- 12. Placement of new employees.** This involves assigning duties and responsibilities to the new employees

### OBJECTIVES OF RECRUITING WORKERS

- To reduce or minimize damage of machines by using competent and qualified employees.
- To replace a dead or retired employee in order to facilitate continuous production.
- To increase productivity in the business by recruiting more workers incase there is need.
- To get right workers with required skills to do the job.
- To motivate workers by promoting them to higher positions through internal recruitment
- To promote the public image or reputation of the firm through recruiting the right workers.
- To combine with other factors of production so as to enable production to take place.
- To promote expansion of the business as recruitment of more workers leads to expansion or growth of the firm.

## Activity 2

QN: Give the importance of recruiting workers in an organization

### SOURCES RECRUITMENT FOR EMPLOYEES

Employers recruit employees either internally or externally. The following are the various sources of recruiting employees in an organization.

- 1) Promotions. This is where present employees are considered as applicants for available positions. This often provides a strong motivation for current employees i.e. from DOS to Headteacher.
- 2) Employee Referral schemes. This is where Potential candidates are identified and recommended by existing employees in an organization. This helps the organization to find the right person for the job.
- 3) Unsolicited applicants. This is where those who applied to join the enterprise and previously not considered are called upon for an opportunity if they have the qualifications.
- 4) Transfers. This is where a worker is moved from one branch to fill a position in another branch where it would have fallen vacant.
- 5) Present employees/Internal advert. This is where the existing employees are given opportunity to apply for the job, here advertisement is done internally within the enterprise by pinning the advertisement on the notice board and employees who qualify apply.
- 6) Talent spotting/Head hunting. This refers to the process of identifying talented and experienced people currently working in different businesses who are persuaded apply for existing jobs and join the business by offering better incentives.
- 7) Educational institutions. These include colleges, universities where an entrepreneur may be invited to present facts about his or her enterprise more

especially those in their final year of study and are introduced to the opportunities available hence they are encouraged to apply for those positions .

- 8) Private employment agencies. Many organizations use private agencies or recruitment companies to source suitable applicants for a position. The agency carries out the screening of candidates and presents potential employees who fit all the criteria of experience, education and training to other firms. Like Middle East Consultants who recruit on behalf of Arab countries etc.
- 9) Internet. This is where Organizations provide an efficient way for job seekers to search online for jobs that meets their qualifications and expectations. Employers and recruiters use organizations such as job line Uganda to advertise positions online, in order to reach a wide audience.
- 10) Mass media adverts. This is where the existing jobs in an enterprise are publically made available to general public through the newspaper. This means that an organization has to screen applicants and then proceed with interviews.
- 11) Labour unions. These are organizations or associations that receive and register members of their unions and those seeking employees can contact such organizations. Like UNATU for teachers, ACCA for accountants, LDCs for lawyers.
- 12) Competing enterprises. These are businesses in the same line of product where they are contacted to refer those employees that would applied, interviewed but not taken and such employees are recommended to another competing business.
- 13) Demotion. This is where incompetent workers are retained but demoted to lower levels.
- 14) Retired employees. This is where an organization calls back the former employees who retired for short contracts especially in Army.

### **ACTIVITY 3**

- (a) Explain the various ways/methods of recruiting employees in an organization.

### **FACTORS CONSIDERED WHEN RECRUITING EMPLOYEES IN AN ENTERPRISE**

1. The age of the employee. Employers always prefer youth because they are energetic and more creative than old and minor people who are inefficient and ineffective in their performance.
2. Working experience of the employees. Employers seek to recruit employees that are knowledgeable, skilled so that less cost is incurred than training those employees that are inexperienced.
3. Cost of the employee. Employees that are cheap, efficient and productive are more preferred in order to minimize wage bills and increase profitability of the enterprise than expensive employees who may not be cost effective.
4. Nature of the job to be done. Some jobs require physical ability while others require mental abilities therefore when the job is physically demanding more male workers that are physically fit are demanded than women.

5. Gender and Sex of the employees. Different enterprises have different policies on gender therefore enterprises that emphasize woman, more of the female gender are to be recruited than male gender.
6. Attitude of a worker. Employees with positive attitude towards work increases efficiency of the enterprise, increases retention and hence reduced recruitment costs than those with poor attitude towards work.
7. The size of the business. Large enterprises need more workers who are experienced to take on the various tasks available in an enterprise than small enterprises.
8. Health status of worker. Employers prefer workers who are in good health so as to perform effectively as opposed to those with poor health conditions and associated with high level of absenteeism.
9. Marital status of employee. Some organizations prefer workers who are single because they are committed to work and flexible .However others prefer married workers especially for professional jobs like Teaching, Medication, pastoring etc.
10. Language spoken by the employee. Employers prefer workers who are able to speak as many languages as possible compared to those who know only one language.
11. Skills and abilities to do the job. Employees who possess the skills required for production are recruited than the semi-skilled and unskilled
12. Religion. Some employees prefer moslem workers than Christians basing on certain factors.

#### Activity 4

**QN: What are the various Competences an applicant should display during interviews**

### EMPLOYEE REMUNERATION/PAYMENT

**Remuneration** refers to the financial payment an employee receives in return for working for an organization. These payments can be made in the form of a **wage** or a **salary**.

#### METHODS USED TO PAY WORKERS

**Time rate method.** This is a method through which workers are paid basing on the number of hours worked either per day or per month.

**Piece rate method.** This is a method of payment where workers are paid according to the level of output or piece of work performed irrespective of the time spent to do a particular work.

**Bonus payment/Overtime payment.** This is an extra pay given to a worker for extra hours worked beyond the normal working time.

**Contract based payment;** This is where employees are paid an agreed amount of money according to agreed time and piece of work.



**Shift payment method.** This is a type of payment made to workers who work during unusual working hours. The payment is made to compensate workers for inconvenience and hardships.

**Slide scale method.** This is a method used to compensate workers basing on prevailing cost of living. As the cost of living increases, the wages and salaries also increase.

**Payment in kind.** This is a method of rewarding workers where they are paid in terms of goods or services for their services offered instead of money.

**Commission based payment.** This is a mode of payment where workers are paid depending on the total sales of products i.e one can be paid 10% of total sales as a commission.

**Profit sharing method.** This is a system where workers own some shares in the business and they are paid in terms of profits at the end of the year.

### **Factors considered when determining payments for workers in an enterprise**

1. The profitability of the business. Business enterprise that makes more profits pay high wages compared to those with low profits.
2. Levels of competition for workers among different employers. High levels of competition make workers scarce and expensive this makes employers to pay high wages in order to attract highly trained workers, however absence of competition for workers leads to low level of wages paid to workers since they are abundant on market.
3. Level of education and training. Workers who have attained high level of education are paid higher wage than workers with lower qualifications.
4. Duties and responsibilities of an employee. Employees in an enterprise with a lot of tasks to perform negotiate for higher wages because of the extra assignments, however those with fewer tasks are paid low wages.
5. The strength of bargaining power of a worker. Employees with strong bargaining power and their services are highly demand, are paid a high wage compared to those with low bargaining power where employer take advantage and pay lower wage.
6. Level of demand for services or goods produced by a worker. Workers whose services are highly demanded are paid a high wage compared to those offering a service whose demand is low hence are paid low wages.
7. The nature of work being done. Workers who perform knowledge-based type of work are paid high salary than those who use physical abilities.
8. Risks involved in the Job. Employees who perform more risky jobs like the night guides, miners are paid more wages than those who perform less risky tasks e.g. secretary in an organization.
9. Experience and skills possessed by the worker. High wage is paid to employee with more experience because of the ability to reduce damage at work than those with less experience hence an enterprise spends on them in form of training which reduces their wages.



10. The cost of living. Employees who work in areas that frequently experience price rise make employers to pay high wages compared to those in enterprises located in area where the cost of living is low.
11. Nature of employment. Workers employed on permanent basis are usually given higher payments compared to those employed on temporary basis.
12. Gender difference. Employers usually offer lower payments to women saying that they have no responsibilities compared to men.

### Activity 5

1. (a) Explain the factors that lead to differences in workers earnings in an enterprise  
(b) Discuss the reasons for wage variations or changes of employees payment

### Approach

**Give the factors that determine workers payment starting with a keyword in the question like Difference in, Variance of or change in and explain on both sides.**

- 2.(a) Explain the factors that lead to high payment of wages and salaries to employees.  
(b) Discuss the factors that lead to low payments to employees in an organization.  
(a) Under what circumstances may an employee be paid high salaries or wages in an organization.

## MOTIVATION OF EMPLOYEES

Motivation refers to process of stimulating workers morale to give the best in an enterprise.

OR

Motivation is the process of inspiring an employee to use his or her capacities to achieve desired objectives of the organization.

### Importance of motivation

- 2 It leads to stability of the work force in an enterprise. This makes employees remain loyal to the enterprise.
- 3 It encourages hard work among worker of an enterprise. Motivation in form of promotion on merit, salary increment, fringe benefits are likely to encourage hard work among workers.
- 4 It promotes good relationship between the employer and employees in an enterprise. This is because it brings employee satisfaction i.e motivation in form money, promotions, mutual respect to one another etc
- 5 It enhances productivity of an enterprise. This is because well motivated employees work efficiently and effectively since there is positive attitude towards work.
- 6 Motivation helps to build teamwork and individual commitment to an enterprise. This makes workers enjoy whatever they do and hence increasing efficiency as well as achieving enterprise goals faster.
- 7 It is used to minimize labour turn over and the associated costs. This is because motivation makes workers to stay in an enterprise longer than those that are not motivated hence reducing recruitment expenses.

- 8 It helps to improve on workers standards of living. Motivation in form of monetary and material gains improves on the welfare of the workers like motivation in form of physical assets like a house, motor van etc
- 9 It provides a sense of belonging amongst workers. Motivation in form of fringe benefits like medical allowances, housing, future sponsorship for further studies, etc. make an employee to feel that he is part of the enterprise.
- 10 It minimizes strikes to the organization caused by dissatisfaction of employees and this is because needs of the employees are fully offered.
- 11 Helps the organization to the set goals and objectives such as increasing sales of production. This is because workers are working tirelessly towards achieving the set goals.
- 12 Helps to improve on the image/reputation of the organization. This is because satisfied employees tend to talk good about the organization hence attracting new customers.
- 13 It helps the organization to minimize the costs of recruiting new workers. Motivation retain workers with in an enterprise which saves money that would have been used for recruitments.
- 14 It motivates effective communication in an enterprise. Motivated workers are able to freely communicate their problems to employers without fear.

### **Ways /method used to motivate employees**

- Provision of good working condition i.e providing meals at workplace, working gadgets which motivates employees to work hard.
- Offering fringe benefits. These include medical, housing, transport allowances. These incentives help the workers to concentrate and work harder for the benefit of the organization.
- Ensuring job security. When employees are assured of remaining at work, they feel that they are part of the organization hence motivating them to perform better.
- Offering adequate and prompt payments to workers. Giving workers adequate salaries and in time encourages them to work hard and remain happy at work place.
- Provision of on and off job training to workers. These trainings increase skills and knowledge of employees hence allowing them to be flexible which increases productivity and efficiency of employees.
- Promotion of hardworking employees objectively. This is where promotion is based on merit. This stimulates the effort of other workers to work hard in order to be promoted hence increasing productivity of the business.
- Provision of social gatherings to employees. These include company end of year parties, celebrating events such as labour day, women`s day, cultural day etc. these events promote a good bond between an employer and employees which in turn helps to have team spirit among employees.
- Recognising the best performers in the company. This is in form of shaking hands with executive director, special calling to employee to thank him or her for the

good performance or giving certificate of recognition to best employee of the year etc. This creates a positive impact on the performance of the worker.

- Conducting performance appraisal on regular basis. Continuous assessment of workers' performance and providing feedback on areas that he /she has performed better, areas that need improvement increases productivity of a worker.
- Involving workers in decision making. Workers should be given a chance to contribute and express their feelings in policy making meetings.
- Ensuring transparency in the business operations i.e proper accountability of business funds.
- Giving necessary respect to workers by employers. This can be by addressing them by their titles e.gMr, Madam, Sir, Miss and avoiding blaming them in public.
- Encouraging team work and good relation by the manager in order to achieve the set goals.
- Ensuring proper management of discipline at work place. This is done by putting in place rules and regulations which discourages bad behaviors
- Organizing contests among employees. Foreexample football, cultural shows, singing competition which helps to maintain a positive work environment.
- Showing concern to workers' problems and this can be done by empathy and support to workers incase of problems like loss of a relative, sickness ,accident etc.

## **EMPLOYEE WELFARE**

This refers to the various ways of how employees in an enterprise can be kept health, alert and informed so as they can enjoy leisure and increase their productive efficiency. This can be done through the following;

1. Provision of sanitary facilities, these should be cleaned regularly so as to maintain the health of the workers
2. Provision of room for lunch and breakfast, this should be comfortable with chairs and desks for meals and sharing of ideas
3. Providing time for resting and lunch as well as breakfast
4. Provision of recreational facilities to workers, for example football patches, marks for different games.
5. Provision of first aid box and standby nurse in order to give first aid services for workers that may get inquires while performing their duties
6. Provision of storage facilities for workers valuable assets like phones, Radios Cars etc
7. Using friendly facilities for disabled workers for example wheelchairs for the lame.
8. Ensuring good ventilation with sufficient heating and cooling facilities as well as good lighting.
9. Providing Protective gadgets to workers for example gloves, helmets, masks, and tools to ease the performance of work.
10. Provision of Special clothes to workers such us uniform with name of the worker.
11. Provision of fringe benefits, such as work leaves, accommodation
12. Provision of adequate supply of good and facilities to workers, more especially when workers spend more time at worker place.

## Activity 6

- 1.(a) Why is there need to motivate workers in an enterprise
- (b) Explain the ways of promoting good working relationship in an enterprise.

## TRAINING AND DEVELOPMENT

Training and development are aimed at improving employees' skills and abilities that are necessary for both personal and organizational growth. New employees may need some training and development depending on their level of experience and existing employees also needs training and development to continually upgrade their skills.

### TRAINING

Is the process of increasing the knowledge and skills of employee for doing a particular job more productively.

#### Types/methods of training

**1.On job training/In service training.** This is the training carried out to workers while doing their usual jobs. The trainee uses the actual tools, equipments and materials he uses to perform his duties e.g Orientation, Job instruction training, Internships. Etc

**2.Off the job training.** This is done to workers outside their usual job and it is usually done in form of lectures, holding Conferences, Business games, Role play etc

### IMPORTANCE OF TRAINING WORKERS

1. **It increases productivity of a worker.** After training the worker gain efficiency as he or she gets more skills required thus increased productivity.
2. **It leads to better use of raw materials in an enterprise.** This is because a trained worker is able to make better use of machines as acquired hence reducing on resource wastage.
3. **It reduces the level of supervision and direction.** Trained workers perform their duties with minimum supervision since they know what to do.
4. **It minimizes accidents in an enterprise.** This is because workers learn the best way of using different instruments and handle work with care.
5. **It is a form of motivation to workers in an enterprise.** This is because a trained worker is able to deliver the best using the acquired skills and knowledge at same time it's used as yardstick for promotion
6. **It enables the enterprise to out compete other firms.** This is due to the efficiency and effectiveness acquired by workers and commitment which increases labour productivity.
7. **It improves the corporate image of the enterprise.** This is through possession of highly motivated employees and production of high quality goods.

8. **It reduces on labour turn over.** Trained employees feel motivated and may not easily leave the organization.
9. **It provides adequate human resource base for an enterprise.** This is in form of skills and new knowledge which is required for expansion and attaining new enterprise goals.
10. **It enhances the enterprise's ability to adopt and use advanced technology.** This increases the ability of the enterprise to respond to changes in technology as well as change in consumer taste and preferences.
11. **It creates a pool of readily available manpower for replacement.** This is helps enterprises that experience high labour turnover whereby trained workers are promoted and replace those who die.
12. **It is used in the induction process.** It is a method used in inducting new workers to understand their roles and responsibilities, history of the organization and policies of the enterprise.
13. **Training increases profitability of the business.** This is because it leads to development of workers leading g to increased production hence profitability.

## **REASONS/PURPOSE/NEED FOR TRAINING EMPLOYEES**

**(Fill in this using the importance above)**

## **TRAINING PROCESS**

**The following are the steps/procedure carried out when training workers in an organization.**

1. **Setting organizational objectives for training.** This is done so that the desired training program is designed to achieve the organizational objectives of training e.g achieving efficiency, having knowledge-based organization etc
2. **Assessing the organizational needs for training.** Training begins with the identification of training needs that is to say what is required to do the job, what is already possessed by the job holder etc in order to determine the training gap.
3. **Setting training goals and objectives.** This is done so that at the end of the training, its assessed to establish whether the objectives have been achieved or not.
4. **Selecting the trainees.** Employees that need training are chosen basing on the skills, knowledge, attitudes, motivations and expectations so that the training is able to close the performance gap that would have been identified.
5. **Selecting the training methods.** The method selected must favour all the trainees and based on nature of the job and what to be trained.
6. **Selecting competent trainers.** These are the individuals to conduct the training. They should be knowledgeable in the area of training so that they are able to bring out the meaning of conducting training in the organization

7. **Administering the training.** This refers to actual training where those identified as need for training undergo training either in form of teaching or allowing the trainees to bring a learning situation.
8. **Evaluating the training.** Evaluation is done to establish the skills acquired by employees and whether it is in line with the set goals.

### **PERFORMANCE APPRAISAL**

Refers to the process of evaluating workers performance of the job based on various consideration and giving them feedback.

Or

Performance appraisal is the continuous process of assessing employee's performance and providing feedback to them about their strengths, weaknesses in order to make them perform better.

#### **Elements/principles of an effective performance appraisal system**

1. **Relevance.** There should be a clear link between performance standards and objectives of the organization.
2. **Reliability.** It should provide consistence judgment i.e. appraisals made by different independent appraisers should match over time in terms of results
3. **Sensitivity.** The appraisal system used should be able to tell which employees are effective and those who are not such that the skill gap is revealed.
4. **Objectivity.** An effective performance system should not be biased i.e. the results should come from objectives of the organization.
5. **Practicability.** The methods used should be easy to understand and use by the implementers.
6. **Comprehensiveness.** The performance standards should capture the entire range of employees` responsibility, abilities, skills and the gap missing.

#### **Methods used in performance appraisal**

Companies use different methods of appraising their workers among those include;

**Ranking method.** This involves arranging employees in order of their performance i.e from the best to the worst basing on the ability to do the job.

**Grading method.** Employees are grouped in pre-determined grades basing on their total performance at work in terms of quality of output, creativity etc

**Rating scale method.** This involves listing personal characteristics against each employee upon which the managers base on for assessment.e.g time management, content mastery etc.

**Peer rating.** Here fellow workers are given a chance to evaluate their colleagues since they know them better.

**Group rating.** Under this method the group of fellow workers do the evaluation of another worker.



**Behavioral expectation scale.**This method is used to evaluate the behavior and attitude of the employee towards his or her work.

**Open ended method.** This is based on the way the job should be performed. The one appraising is expected to write a comment about the performance of the employee.

**360 degree.** This is where feedback is taken about the employee from the employee him or herself, his supervisors, juniors and colleagues.

### **Importance of performance appraisal**

1. It's used to provide feedback from management to employees regarding work performance
2. It acts as a measurement against which promotion and pay rises can be determined. This is because after appraisal those that have satisfied work performance qualify for wage increment.
3. It is used to identify employees' training and development needs. This is realized by identifying areas where improvement has taken place, skills that have been acquired by the worker and skills that are lacking.
4. It's used to set new objectives and put a plan in place to improve future performance. If most employees continually perform below expectations, the organization's recruitment and selection process may need to be changed.
5. It helps departmental members to evaluate their performance based on the set targets. This is because it reveals what objective have been achieved and those that have not been achieved.
6. It enables the organization to determine the future use of employees. That is to say whether the employee is to remain in the present job, those that is to be transferred and those to be demoted.
7. It serves as a basis for evaluating organizational policies. This is because after appraisal, it becomes easy to establish whether such policies made it easy for employees to work with them or not.
8. It is used to reinforce desired behavior amongst workers. This is because employees perform their duties having in mind that their behaviors shall be appraised.
9. It motivate employees to do better in their current jobs since they are able to know their strengths and weaknesses and improve where necessary.
10. It promote efficient and effectiveness of the employees. This is because employees know that they will be appraised at the end of the year hence working hard and effectively.
11. It promotes competition amongst the employees in order to become the best after the evaluation hence achieving the set goals.
12. It is used to evaluate the jobs available in an organization. This is because some of the key factors to be evaluated are contained in the job description and job specification which help in redesigning the job.

### **Limitation of performance appraisal**

1. It discourages the spirit of creativity and innovativeness by employee since employers set standards to be followed.
2. It doesn't bring all the practical part since its usually theoretical that may not be implemented in the company.
3. Some appraisers and managers do not have the required skills to carry out objective appraisal.
4. In some cases, supervisors appraise workers basing on predetermined values, this prevents talented workers from getting promoted incase their performance is below what is expected.
5. Fear of losing subordinates and spoiling the relationships. This makes appraisal wastage of time where the appraisers end up giving all positive comment to the employee.
6. It sometimes creates emotional pressure and stress to the workers since they are not sure of the outcome.
7. It reduces the morale of employees more specially those whose performance may be below but quality, this cause dissatisfaction.
8. It consumes a lot of time yet it may produce wrong results which leads to wrong decision making.
9. It focusses on the narrow aspects since it is mainly done basing on past performance of workers.
10. It creates reliance of workers on their bosses or supervisors.
11. It increases the costs of the company as the process requires a lot of funding.

### **Activity 7**

Discuss the purpose/rationale of performance appraisal in an organization

### **LABOUR TURN OVER**

This refers to the number of employees leaving and coming into an organization in specified period of time.

OR

Labour turn over refers to the rate at which employees leave their current jobs and look for the new ones.

### **CAUSES OF LABOUR TURN OVER**

**Low levels of salaries and wages.** This causes employees to move to the competing business where they are paid highly with good working conditions.

**Recruiting and selecting wrong employees.** When wrong employees are recruited and can't fit in the current job, they end up leaving and look for suitable ones.



**Absence of job security for employees.** Jobs where workers have no security, they end up leaving them and look for jobs where there is job security like government jobs.

**Existence of target workers.** Some employees come with their targets to achieve and after attaining them they quit the job hence labour turn over.

**Failure to involve workers in decision making.** This forces employees to think that they are not part of the firm and therefore find alternative to where his or her presence can be recognized.

**Abundant jobs on the labour market.** The existence of many labour market agencies with attractive job opportunities forces employees to move from one job to another.

**Lack of promotional prospects.** Some workers may decide to leave if there are no chances of being promoted to the higher position within the organization .

**Absence of transparency.** Some employees tend to lose confidence and morale in an organization especially when there is no transparency in finances and end up quitting their jobs.

**Mismanagement of the employees.** A bad manager makes any worker miserable, hence even if the staff is committed, bad immediate supervisor create unfavorable conditions which force workers to stay for a short period of time.

**Low levels of motivation of employees.** Limited motivation either monetary or non-momentary benefits i.e.allowances causes employees to move where they are highly appreciated.

**Poor relationships between employees and employers.** This makes it hard for employees to settle in an enterprise hence as they are recruited, they serve for shorter time and look for other jobs. elsewhere.

**Poor working conditions and facilities.** Unfavorable conditions at places of work like lack of meals, toilets, working equipments, poor office space, long working hours, etc force some employees to look for other favorable jobs.

Sexual harassment by employers most especially to the female workers can force such workers to leave their current jobs.

**Poor handling of discipline.** High rate of indiscipline amongst some workers like drug abuse, fighting, Rumors, corruption may force some workers to quit their jobs and look for new ones.

## **COSTS/DISADVANTAGES OF LABOUR TURNOVER**

- It leads to additional recruitment costs. This is because there is need to continue replacing those that leave the enterprise which is expensive in terms of advertising, conducting interviews.
- It leads to loss of production as the enterprise continue to lose experienced workers in production, sales etc
- It increases the cost of training to replace those who have left. This reduces the profitability of the enterprise.
- It leads to loss of customer goodwill. Some customers are lost especially those with attachments to employees who leave the enterprise.

- Loss of employee morale. High labour turn over demotivates other workers which lowers their productivity as they keep wondering who is next to go.
- It leads to loss of enterprise reputation in the labour market. This makes it had to hire experienced and knowledgeable workers.
- It increases damage of machines by disappointed employees who are soon leaving. This increase repairing expenses and replacement which also reduce revenue of the enterprise
- Increases accidents in the enterprise. This is due to fact that managers may resort to hiring part-time workers who may not be familiar with work routine.
- Business planning becomes difficult especially at the implementation stage.
- It leads to increase in production costs which leads to low sales and profits especially when a member from production sector, sales department leaves.
- It discourages the growth and development of the business especially when skilled employees leave.
- It increases Salaries and wage costs. This is because of the need to offer good wage packages and other working conditions in order to attract and retain workers in the enterprise for some time.

### **Techniques/measures/ways of managing/reducing labour turnover**

1. Engaging employees in decision making
2. Training of employees
3. Providing good working conditions and terms
4. Ensuring job security at work place
5. Improving on the welfare of workers
6. Paying workers adequately and in time
7. Motivating workers to boost their morale
8. Promoting workers on merit
9. Ensuring effective communication among workers
10. Respecting of employees
11. Ensuring right recruitment and selection of workers.
12. Offering fringe benefits to employees e.g transport allowances,accommodation.
13. Carrying out objective performance appraisal of workers
14. Showing concern to workers problems/conflicts
15. Empowering of employees through delegation of work
16. Appreciating workers effort by rewarding the best performers

### **Activity 8**

Explain the ways through which human resource management affects the quality of products produced in an enterprise.

## REVISION QUESTIONS

- 1(a) Distinguish between human resource planning and human resource management.
  - (b) Give the importance of personal management/HRM
  - (c) Discuss the rationale of personal management in an enterprise
- 2 (a) Describe the various components/elements of human resource management
  - (b) Explain the ways in which proper resource management can be used as a tool to promote the quality of products in an enterprise.
- 3(a) Define the term man power planning as used in business
  - (b) Why is there need to carry out man power planning
  - c) Give the importance of an organizational chart
- 4(a) Why is there need to recruit workers in an enterprise?
  - (b) Describe the procedures for recruiting workers in an enterprise.
  - (c) Explain the sources/Bases of recruitment for workers in an enterprise.
- 5(a) Describe the factors that are considered when recruiting workers in an organization.
  - (b) What are the various ways that can be used to recruit workers in an organization.
- 6(a) Explain the importance of motivating employees in an enterprise
  - (b) Give reasons for motivating workers in an enterprise
  - (c) Explain the ways of motivating employees in an enterprise.
- 7(a) Explain the methods of paying workers in an enterprise
  - (b) Discuss the factors considered when determining workers payment
  - (c) What causes differences/variations of wages for employees
- 8(a) Why is there need to train employees in an enterprise
  - (b) Explain the process of training in an enterprise.
  - (c) Describe the benefits of training workers in an enterprise
- 9(a) Define the term performance appraisal of labor in a business.
  - (b) Give the elements of an effective performance appraisal system.
  - (c) What is the purpose for performance appraisal in an enterprise

- 10 (a) What is the disadvantage/Limitation of performance appraisal.  
(b) Explain the various methods of performance appraisal used by employers to appraise their workers
- 11 (a) What do you understand by the term labour turn over.  
(b) What are the causes of labour turn over in an enterprise  
(c) Explain the ways of overcoming high labour turn over in an enterprise.
- 84(a) Give the costs of labour turnover to the business  
(b) What are the causes of employee indiscipline in an organization  
(c) Suggest measures of improving labour relations in an enterprise.