CIMA
Managerial Level – Paper E2
ENTERPRISE MANAGEMENT
(REVISION SUMMARIES)

E2 revision summaries

Strategic Management

Key summary of chapter

What is strategy?

> **Strategy**
> *"A **course of action**, including the **specification of resources**
> required, to **achieve a specific objective**."*
> **CIMA: Official Terminology**

Levels of strategy - Johnson and Scholes

Corporate strategy
(Where)

Business Strategy
(How)

Functional Strategy
(Who)

Comparing and contrasting approaches to strategic formulation

The Rational Planning process	Incremental approaches	Freewheeling Opportunism	Emergent strategies
Top-down and centralised	Top-down and centralised	Top-down and centralised	Bottom-up and decentralised
Time horizon 2-10 years	Time horizon 6 months to 2 years	Time horizon day to day basis	Time horizon indefinite
Formal planning	Less formal planning	Informal planning	Informal planning
Complex and costly	Less complex and costly	Less complex and costly	More complex and less costly
Stable and certain environment.	Dynamic and uncertain environment.	Dynamic and uncertain environment.	Dynamic and uncertain environment.
Inflexible.	Flexible.	Flexible.	Flexible.

The rational planning process

Top-down (centralised) and formalised approach to strategic planning. Originated from the USA e.g. the planning horizon for the organisation could be over 2-10 years.

Advantages	Disadvantages
✓ For transformational or radical change ✓ Copes with the uncertain future by providing long-term plans ✓ Helps integrate and coordinate complex organisations	✖ Rational planning can be too rigid and bureaucratic e.g. no use for the small business ✖ Rational planning can stifle innovation e.g. locked into plans ✖ No use for dynamic or uncertain environments e.g. plans quickly become ─out of dateø

The rational planning process

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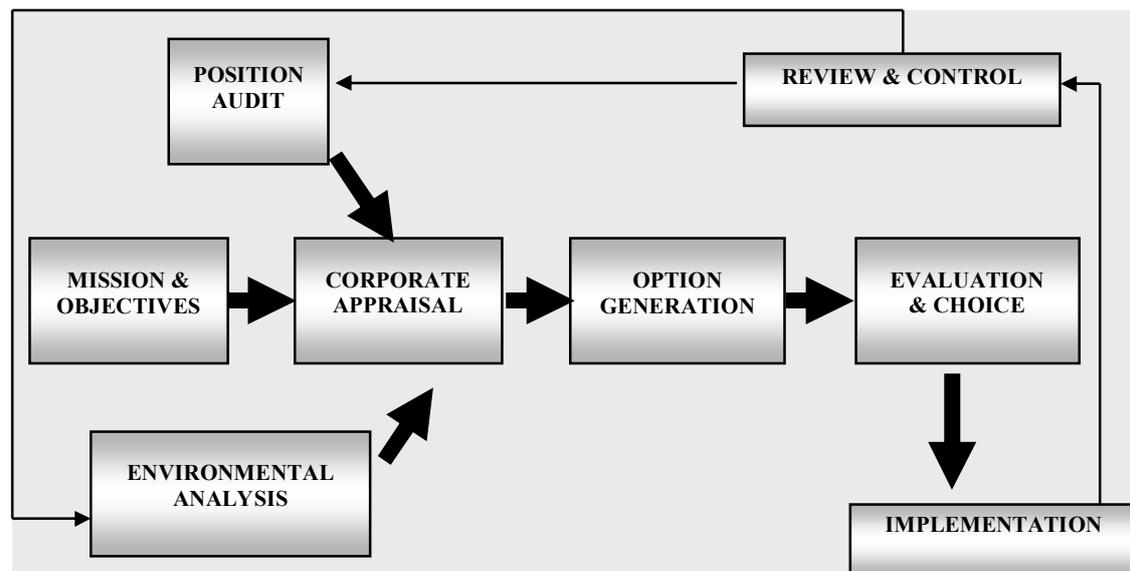
Incremental planning approaches (logical incrementalism)

Top-down (centralised) and less formalised approach to strategic planning. Smaller, gradual and more incremental adjustments to strategic plans e.g. every 6 months up to 2 years maximum.

Advantages

- ✓ Less complex and long winded
- ✓ Better for uncertainty or rapidly changing environments
- ✓ More frequent gradual adjustment e.g. easier to control and manage
- ✓ Greater frequency of planning to adjust plans to environmental change

Disadvantages

- ✘ Too reactive, ‑muddling through'
- ✘ Not suitable for transformational or radical change
- ✘ Lack of long-term direction e.g. ‑strategic drift' may occur

The entrepreneurial model (or freewheeling opportunism)

Henry Mintzberg referred to ‑**freewheeling opportunism'** as an opportunistic strategy, dominated by the search for new opportunities, with bold and often high risk decisions that need to be made by the entrepreneur him or herself.

Freewheeling opportunism is a top-down (centralised), informal and short-term approach to strategic planning.

Advantages

- ✓ Focus on exploiting product and market opportunities e.g. ‑never miss a good opportunity'
- ✓ Less time consuming and complicated
- ✓ Greater frequency of planning to adjust plans to environmental change
- ✓ Better for uncertainty or rapidly changing environments

Disadvantages

- ✘ Organisation too reactive, ‑muddling through'
- ✘ Not suitable for transformational or radical change
- ✘ Lack of long-term direction.
- ✘ Relies heavily of the judgement and experience of the founder e.g. one single individual

Emergent strategies

Henry Minzberg, described emergent strategies as –patterns or consistencies realised despite or in the absence of conscious intention by senior managementø Strategy emerges and is –unanticipatedø

Informal and bottom-up (decentralised approach) allowing strategic courses of action to be developed from both tactical and operational levels within the organisation.

Advantages	Disadvantages
✓ Quicker change or repositioning for the organisation e.g. lower strategic levels –closer to the customerø ✓ Tactical and operational levels an extensive source of innovative ideas ✓ Greater motivation to other strategic levels ✓ Supports culture of flexibility, learning and enterprise	✖ Chaotic organisation that lacks control over planning ✖ Lack of long-term direction. ✖ Organisation too reactive, –muddling throughø ✖ Requires entrepreneurial skills from staff which may not exist

Comparing and contrasting RBV to the Positioning Approach

Resource Based View (RBV)	Positioning View (PA)
Similarities	
• Both ideas stem from the rational planning process. • Both can use centralised (rational planning) or decentralised (emergent) approaches. • Both aim to achieve competitive advantage e.g. ways to compete with rivals.	
Differences	
• Resource based approach • Inside out e.g. key internal resources for achieving success. • Organisation focuses on what it does best e.g. –stick to knittingø • Emphasis on internal appraisal e.g. unique assets or core competences. • Higher cost and time to exploit but long-term advantage.	• Market based approach • Outside in e.g. best external opportunities to exploit. • Organisation focuses on diversity and innovation. • Emphasis on external environment e.g. competition and customers • Less costly to exploit but short-term advantage gained.

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Chapter

2

Strategic Analysis

Key summary of chapter

> Stakeholders are those organisations or people that have an interest in the organisation, these interests varied and for many reasons. They can be a source of potential conflict for the successful accomplishment of an organisations strategy.

Mendelow's stakeholder mapping model

Mendelows matrix is a way of prioritising stakeholders by ‑subjectiveø mapping of them, in order to understand and resolve any issues or conflicts that may exist. This model prioritises by mapping which stakeholders should more likely considered and therefore ‑satisfiedø by the organisation.

- **Power** e.g. bargaining power, right or ability to exert influence over the organisations strategic aims and the general way it conducts itself.
- **Interest** e.g. interest in the activities or conduct of the organisation for varied reasons.

	Interest in the organisation	
	Low	**High**
Power over the organisation — Low	**Minimal Effort (priority four)**	**Keep Informed (priority three)**
Power over the organisation — High	**Keep Satisfied (priority two)**	**Key players (priority one)**

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Mission statements

Every organisation should have a mission, purpose or reason for being. This can be embedded within a mission statement. A mission statement describes in writing the basic purpose of an organisation and what it is trying to accomplish. A mission statement is a brief description of an organisations fundamental purpose.

Goals and objectives

Goals
What the organisation plans or intends to achieve. Normally converted to objectives which measurability and timescale. Long-term and sufficient to satisfy the mission statement.

Critical success factors (CSFs)
Key organisational goals that if achieved will make the organisation more successful.

Objectives
A measurable goal with a clearly defined timescale to achieve it.
Objectives should =SMARTø (specific, measurable, agreed, realistic and time bound.

Key performance indicators KPIs (performance measures)
Objectives which have measurability and time scale.

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Porter's value chain analysis

Porter grouped the various business processes or activities of an organisation into what he called the value chain; he divided the organisations activities into nine types, classified as either **primary or secondary activities.**

Primary activities
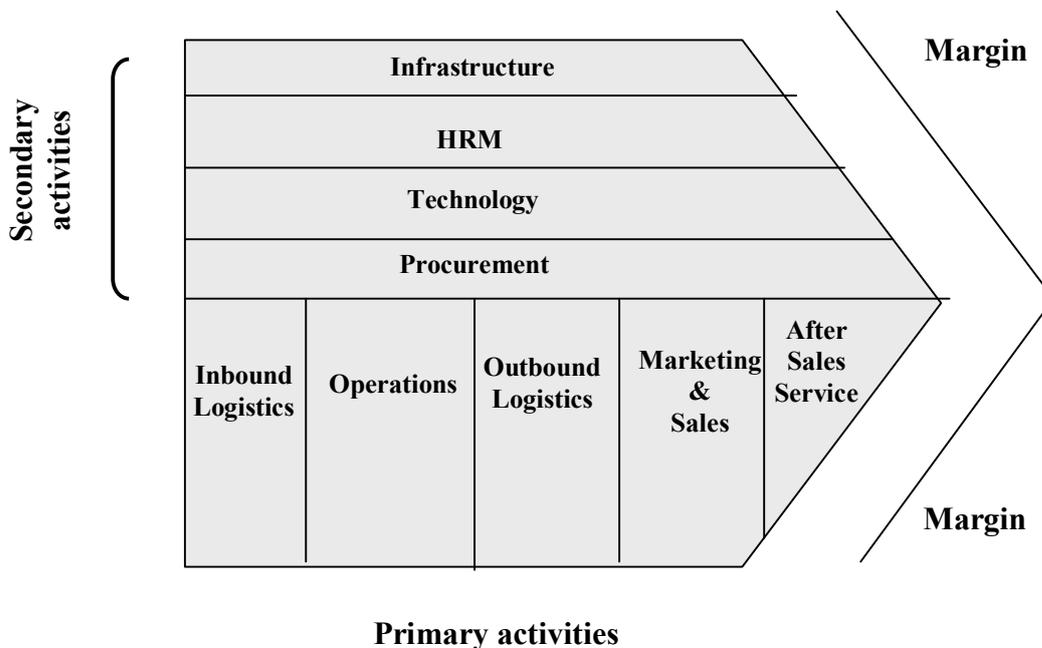
Environmental (external) analysis

õA study which considers potential environmental effects during the planning phase before an investment is made or an operation startedö (CIMA)

Environmental analysis tools

- PEST or SLEPT (social, legal, economic, political and technological).
- Porterø 5-forces (threat of new entrants, competitive rivalry, substitutes, bargaining power of suppliers and bargaining power of customers).
- Porters Diamond (favourable factor conditions, demand conditions, related and supporting industry and firm strategy, structure and rivalry).
- Competitor analysis**.** A systematic comparison of the organisation to competition within the same industry.

Using environmental models such as SLEPT analysis or Porterø five forces can give a diverse range of environmental information for an organisation. These models can be used to describe both the nature and source of information when conducting environmental analysis. The source of information is where the information can be found or where it originates from e.g. media, customers, websites or companies house. The nature of the information means to describe the information itself.

Corporate appraisal

A critical assessment of the strengths and weaknesses, opportunities and threats (SWOT analysis) in relation to the internal and environmental factors affecting an entity in order to establish its condition prior to the preparation of the long-term plan. **(CIMA)**

Information

Data which has been processed in a meaningful way e.g. summarised, formatted, tabulated or filtered, so that it is understandable by its intended recipient.

Classifying sources of information

- Financial information and non-financial information.
- Quantitative information and qualitative information.
- Informal and formal information.
- Internal and external information.

Methods of gathering data or information

- Questionnaires
- Interviews
- Observations
- Existing documentation

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Organisational Design

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Key summary of chapter

Hierarchy (scalar chain) and span of control

Scalar Chain (hierarchy) 'chain of command'
Levels of hierarchy or scalar chain exists to cascade decisions, instructions, plans and objectives, often top-down within the organisation.

Span of control
The number of subordinates supervised by one single manager.

Scalar chain or 'chain of command'

Benefits from <u>increasing</u> layers of authority (scalar chain)

- ✓ More promotion opportunity for staff
- ✓ Retain staff by a structured career path
- ✓ Greater control and coordination

Drawbacks from <u>increasing</u> layers of authority

- ✖ Increased overhead
- ✖ Vertical communication difficulties
- ✖ Senior management become more remote
- ✖ Smaller steps when staff promoted.

Reverse the above for <u>decreasing</u> layers of authority.

Span of control

Benefits from <u>narrow span of control</u> e.g. subordinates tightly supervised.

- ✓ Manager not ÷over loadedø by subordinates
- ✓ More time can be spent by superior with each sub-ordinate
- ✓ Improves communication
- ✓ Retain staff by the increased opportunity to promote them
- ✓ Greater control and coordination

Drawbacks from <u>narrow span of control</u> e.g. subordinates tightly supervised.

- ✖ Increased overhead
- ✖ Tighter supervision and control can de-motivate
- ✖ Less decision making authority given to subordinates

Reverse the above for <u>wide span of control</u> e.g. loose supervision of subordinates.

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The small or entrepreneurial structure

A small business such as a self-employed sole trader, partnership or owner managed company. Fonder makes the key decisions.

Advantages

- ✓ Creative and dynamic
- ✓ Flexible to adapt and change
- ✓ More varied tasks for staff

Disadvantages

- ✗ High reliance on key personnel
- ✗ Founders expertise lacking
- ✗ Poor financial controls
- ✗ Higher risk to investors
- ✗ Lack of economies of scale
- ✗ Less brand recognition

The functional structure

The sub-division of the business system into specialised departments e.g. finance, sales and production activities.

Advantages

- ✓ Easier coordination and control
- ✓ Greater efficiency
- ✓ More effective career progression
- ✓ Greater synergy

Disadvantages

- ✗ Lack of communication by departments.
- ✗ Conflict between departments
- ✗ Bureaucracy, rigidity and tight supervision
- ✗ Specialisation of tasks removes initiative
- ✗ Lack of flexibility for change
- ✗ Lack of product or customer focus

The divisional structure

A division is a distinct business set up within a larger company to ensure a certain product or market is handled and promoted as though it were a separate business.

Advantages

- ✓ Quicker decision making
- ✓ Focus on product and market performance
- ✓ Ring fencing of financial results
- ✓ More empowerment
- ✓ Good training ground for managers.
- ✓ Frees up senior management time

Disadvantages

- ✗ High cost of head office
- ✗ Duplication of functions (or departments)
- ✗ Reluctance to delegate by senior management
- ✗ Lack of goal congruence

Shared service centres

Shared service centres 'consolidate' one or more back-office operations for multiple divisions of the same group to use e.g. head office maintains centrally the processes of finance, information technology, customer service and human resources.

Benefits of shared service centres

- ✓ Economies of scale

- ✓ Divisions retain entrepreneurial speed and agility.

- ✓ Reduction in cost through shared operations.

- ✓ Standardising technology and processes

- ✓ Easier to support to multiple business units

- ✓ Could deliver higher quality service

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Project-based, team or matrix organisational structures

Where project teams and functions (departments) co-exist together. Project team members selected from various internal departments and coordinated by a project manager who has accountability to meet project deliverables e.g. time, cost and quality.

Advantages

- ✓ Improved communication
- ✓ Dispersion of power and influence
- ✓ Creative and innovative synergy.
- ✓ Greater customer or product focus

Disadvantages

- ✘ Complex to maintain
- ✘ Dual authority can create conflict
- ✘ Too many meetings to get things done.
- ✘ Personality clashes

The life cycle of the organisation

The functional structure is normally adopted by an entrepreneurial structure because the organisation grows and requires more specialisation and control. Overtime as the organisation becomes more larger, more complex and more diversified in terms of its products and markets, the next step is often to adopt a divisional structure. When companies become really large and diverse, they are often composed of a number of independent subsidiaries or divisions, these often established as separate legal entities within a group.

Comparing and contrasting organisational structures

The small or entrepreneurial structure	The functional structure	The divisional structure	The matrix structure
Informal, small organisation	Formal, bureaucratic, large organisation	Formal, bureaucratic, complex group	Formal or informal teamwork
Founder driven with less bureaucracy.	Bureaucratic. ÷place for everything and everything in its placeø	Bureaucratic. ÷place for everything and everything in its placeø	Teamwork and project focused
Communication in all directions	Vertical communication	Vertical communication	Communication in all directions
Power culture	Role culture	Role culture	Task culture
Customer focused	Process or activity focused	Customer focused	Project focused
Suits a dynamic and uncertain environment.	Suites a stable and certain environment.	Suits a dynamic and uncertain environment.	Suits a dynamic and uncertain environment.
Flatter and flexible structure	Tall and inflexible structure	Flatter and flexible structure	Flatter and flexible structure
Integrated	Specialised	Specialised	Integrated
Unity of command	Unity of command	Unity of command	Dual authority
Centralised decisions	Centralised decisions	Decentralised decisions	Decentralised decisions

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Business process outsourcing (BPO)

A form of outsourcing, the contracting of operations and responsibilities of a specific business function (process) to a third-party service provider. Commonly referred to as ÷back office outsourcingø because it involves the outsourcing of internal business functions e.g. finance, human resource management, legal, information technology, even the ÷offshore outsourcingø of call centers by companies today.

Benefits of BPO

- ✓ Economies of scale
- ✓ Reduces the complexity of internal management
- ✓ Management can focus on its core competencies
- ✓ Greater flexibility of using the outsourcer
- ✓ Increase speed, improve efficiency and cut cost

Limitations of BPO

- ✖ Loss of strategic control
- ✖ Organisation more vulnerable due to over reliance
- ✖ Loss of competitive advantage
- ✖ Internal redundancy
- ✖ Risk to the security of information
- ✖ Failure of outsourcer to meet service levels

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Chapter

4

Organisational Theory

Key summary of chapter

> Many theorists have used categorisations of organisations e.g. their components or organisational types. These theories enable us to analyse in more detail, and evaluate different organisations, in or to improve their design or cultural characteristics, leading to improved performance or lower cost. Once an organisation has adopted its chosen business strategy, part of the task of implementing this strategy would be to consider an appropriate organisational design and culture to achieve it.

Burns and Stalker

Burns and Stalker in their 1961 book, "The Management of Innovation" described two organisational types representing a spectrum that organisations could be placed.

According to Burns and Stalker, ‒organic formsø are more suited for unstable, turbulent and changing conditions. Unlike the rigid ‒mechanistic formø which is rigid and highly specialised e.g. like Harrisonøs ‒role cultureø An organic firm tries to re-shape itself to address new problems and tackle unforeseen environmental change.

Mechanistic	⟷	Organic

Characteristics of 'organic' verses 'mechanistic' organisations

	Organic	Mechanistic
Management Style	Participative and democratic	Autocratic and lack of consultation
Control	Informal and decentralised	Formal and centralised
Communication	Lateral (all direction)	Vertical (up and down)
Change	Flexible and adaptive	Inflexible and slow to change
Structure	Flat chain of command e.g. Matrix/Team/ entrepreneurial	Tall chain of command and clearly defined roles
Environment	Dynamic/Uncertain	Stable/Certain
Outcome	Creative	Efficient

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Mintzbergs component structure of an organisation

Henry Mintzberg identified **5 structural components** to the make up or design of an organisation, these consist of the essential building blocks for coordination and control mechanisms of an organisation.
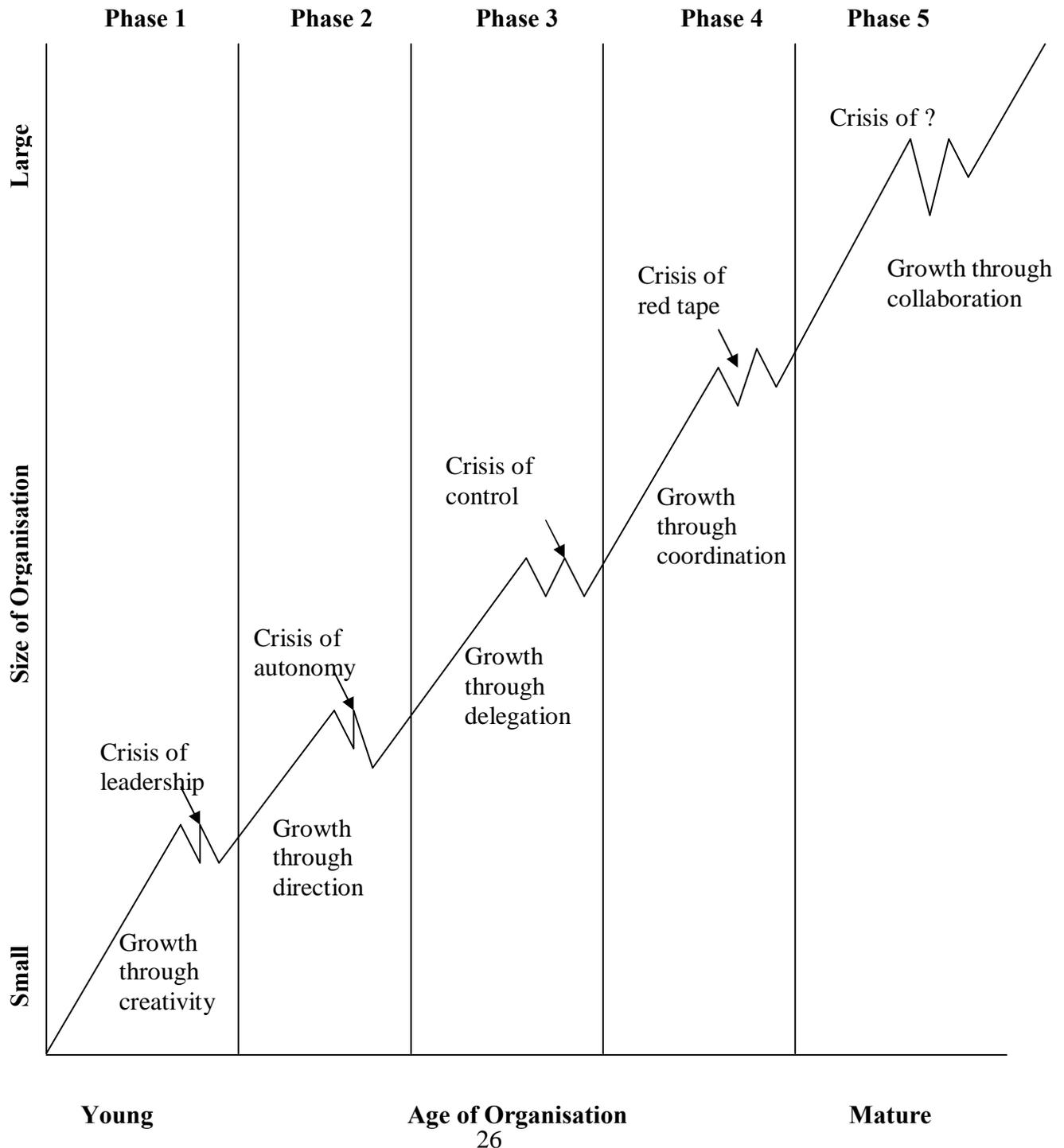
Strategic apex –   Centralised supervision and control of the business (strategic level managers).   **'the force of strategic direction'**.
Middle line –   The middle layer of hierarchy (middle line or tactical level managers).   **'the force for concentration'**
Operating core –   Staff directly to provide the organisations product or service.   **'the force for proficiency'**
Techno structure –   Another layer of administration and planning whose key task is to standardise.   **'the force for efficiency'**
Support staff –   Supports the different activities of the organisation.   **'the force for learning'**

Mintzberg also discussed **5 distinct organisational configurations**. Each configuration representing a different organisational type.

Configuration	Coordination	Key player	Environment	Characteristics
Simple	Direct/supervise	SA	Dynamic	Small, often family owned/flexible (Entrepreneur)
Machine	Standardise work processes	TS	Stable	Old large established organisations (NHS, Banking)
Professional	Standardise skills	OC	Complex	Decentralised/high training for proficiency (Teachers, Doctors)
Divisional	Standardise output	ML	Dynamic/or Stable	Large complex and diverse group (Virgin Group)
Adhocracy	Mutual adjustment	SS	Dynamic	Innovative/disorderly (BBC Film Crew)

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Greiner' organisational growth model

Greiner's Growth Model describes the different stages an organisation passes through over time as they grow in size. Larry E. Greiner originally proposed his model in 1972 with five phases of growth. Greiner explained the management problems that would be experienced over the different phases, each phase reaching a crisis or turning point. Organisations often have to change or reorganise at each of these phases, so if effectively planning for it, they can ensure smoother transition from one phase to another to avoid the chaos this may cause.

| Phase 1 | Phase 2 | Phase 3 | Phase 4 | Phase 5 |

Size of Organisation

Large

Crisis of ?

Growth through collaboration

Crisis of red tape

Growth through coordination

Crisis of control

Growth through delegation

Crisis of autonomy

Growth through direction

Crisis of leadership

Small

Growth through creativity

Young   **Age of Organisation**   **Mature**

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Transaction cost theory - Coase and Williamson

Transaction cost theory according to Ronald Coase and Oliver Williamson, is concerned with whether an organisation makes or provides internally an activity, or whether it chooses instead to ±buy inø the activity externally Organisations choose between two mechanisms in order to control resources and carry out their operations.

- **Hierarchy solutions (internal networks)** e.g. own your own assets, hire your own staff and long-term control over internal activities, but greater complexity.
- **Market solutions (external networks)** e.g. buy in externally the required assets, activities or knowledge required from other external (third party) organisations.

A **transaction cost** is a cost incurred in making an economic exchange with a third party organisation e.g. the costs due to an outsourcing decision. These costs relate to the transaction itself not the value of the transaction.

Examples of transaction costs

- Negotiating cost
- Cost of coordinating external logistics
- Legal costs
- Cost of monitoring third parties
- Penalties for cancellation or non-use

The flexible firm

The **shamrock organisation** (a concept by **Charles Handy**), divided employees into three categories: **core, contractual and flexible labour.**

The flexible firm model proposed by **John Atkinson**, divides employees into three categories: **core, peripheral and external labour.**

Both models are similar and can be used to explain how an organisation might achieve greater flexibility.

The shamrock organisation

- The inner core e.g. permanent key employees.
- The flexible workforce (or peripheral labour) e.g. temporary, casual and/or part-time employees on short-term contracts.
- The contractual fringe (or external labour) e.g. self-employed subcontractors or freelancers, who are engaged to provide services as and when needed and often paid by results

Types of workforce flexibility

- **Functional flexibility** (task flexibility/multi-skilled employees) concerns breaking down traditional occupational boundaries and avoidance of ‑over‑ specialisation.
- **Financial flexibility** aims to convert staff cost from fixed to variable cost.
- **Numerical flexibility** enables a firm to adjust rapidly to changing levels of demand by increasing or decreasing the number of employees.
- **Temporal flexibility** can be achieved by varying the hours worked by employees in response to changes in demand.

Culture

"The way we do things around here"

‑It is essential to retain a strong corporate culture, otherwise the business can drift apart and become confused and lost in direction‑

Alan Sugar (Amstrad)

Culture

- Beliefs, attitudes and values
- Customs
- Norms of behaviour
- Symbols or symbolic behaviour

Tools to influence culture

- Mission statements
- Reward
- Punishment
- Recruitment
- Inductions and staff handbooks
- Training and development
- Socialisation devices
- Rituals, symbols or slogans

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Charles Handy and Roger Harrison's four organisational cultures

	Zeus The god representing power	**Apollo** The god representing bureaucracy	**Athena** The goddess of getting things done	**Dionysus** The god of existential culture
Charles Handy				
Roger Harrison	**Power** culture	**Role** culture	**Task** culture	**Person** culture
Symbol				
Examples	Informal, small organisation/ owner-managed company.	Formal, large organisation or large complex divisional structure. The large scale modern organisation.	Teamwork and project centred work environments. Small-team culture or large project teams and matrix structure..	Small partnership/ owner-managed company/ large ÷workerø cooperativeø
Characteristics	Creative, flexible and dynamic. Adaptive to environmental change.	Bureaucratic, efficient and highly specialised, ÷a place for everything and everything in its place.ø	Flexible team culture and working practices to achieve project goals.	Two or more founders/owner-manager directors, coexist to share resources, skills and achieve synergy.

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Deal and Kennedy 'cultures'

Deal and Kennedy gave two factors that shape an organisations culture

- The degree of risk/reward associated with the organisations activities
- The speed of feedback regarding the success or otherwise of past decisions

They placed these factors on an axis to produce four distinctive types of organisational culture.

- **Bet your company culture** (high risk and slow feedback) e.g. ‑slowly but surely‑ culture of planning and expertise.
- **Hard macho culture** (high risk and fast feedback) e.g. bold and cavalier attitude towards risk taking.
- **Process culture**(low risk and slow feedback) e.g. bureaucracy and stability.
- **Work hard/play hard culture**(low risk and fast feedback) e.g. stress coming from quantity of work rather than uncertainty, high speed actions in response to feedback.

The conclusion is that strong corporate cultures can enhance performance in terms of achieving strategic plans depending on the degree of risk taken and speed of feedback. To influence an organisation, find out what style it has and adjust your approach accordingly.

Miles and Snow 'cultures'

- **Defenders** ‑low risk and security‑ strategy of tried and tested solutions.
- **Prospectors** ‑actively and continually searching for new market opportunities‑ experimentation, trail and error.
- **Reactors** ‑just muddle through‑
- **Analysers** ‑like a stable core of tried and trusted markets and products, but will move into markets that prospectors have opened up.

Mckinsey 7-S model

- **Strategy.** The route or path the organisation has chosen.
- **Structure.** The formal design of the organisation.
- **Systems.** Processes and procedures.
- **Style.** The management style.
- **Staff.** Staff or human resources which shape values and beliefs.
- **Skills.** The distinctive competencies or capabilities of the organisation.
- **Shared values.** The guided beliefs about why the organisation exists.

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Hofstede's dimensions of national culture

- **Power distance.** Extent to which people accept inequality of power.
- **Uncertainty avoidance.** Tolerance towards uncertainty or ambiguity.
- **Individualism /collectivism.** ‐Collectivismø strong affiliation towards one another e.g. strong and cohesive groups. ‐Individualismø, individuals are expected to take care of themselves e.g. a strong need for individual success.
- **Masculinity/femininity.** Men's ‐masculineø values e.g. very assertive and competitive, are relatively different from women's ‐feminineø values e.g. modest and caring. Masculinity is a culture with a strong need for achievement, assertiveness and materiality. Femininity is a culture where relationships, modesty and quality of life are considered more important.
- **Long-Term Orientation.** Long Term Orientation e.g. perseverance, verses Short Term Orientation e.g. protection of reputation and traditions.

The 5 dimensions of culture can help management determine

- Leadership style
- Motivation incentives
- Organisational structure
- The degree of rules and procedures

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5

Corporate and Social Responsibility

Key summary of chapter

Corporate Governance

õThe corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals corporations and society"

(Sir Adrian Cadbury in 'Global Corporate Governance Forum' World Bank 2000)

Cadbury and Greenbury report recommendations

- Split chairman and chief executive role
- Regular and more formal meetings.
- Directors remuneration clearly shown within the published accounts
- Pay awards to be decided by a remuneration committee using non-executive directors only
- Establish an audit committee using non-executive directors only
- Every company should have at least 3 non-executives directors

The Hampel report incorporated the recommendations from both the Cadbury and Greenbury Committees as well as amendments from the London Stock Exchange, it was published as the Combined Code in June 1998.

Benefits of good corporate governance

- ✓ Greater fairness and openness of directors
- ✓ Greater public confidence in companies
- ✓ Reduced risk for investors and other stakeholders
- ✓ Lower risk of strong CEO domination
- ✓ Transparency, timely and clearer communication of information
- ✓ Improves performance and leadership by the board

Ethics and social responsibility

Ethics is concerned with rules or morals about the right behaviour and way of conduct e.g. ideas about what is right and wrong.

Corporate social responsibility (CSR) is concerned with being aware of the impact of actions on others, and to act in the best interests of society e.g. third parties not directly involved in any economic transaction.

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Project Management

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Key summary of chapter

> "Project management is the application of knowledge skills, tools and techniques to a broad range of activities in order to meet the requirements of a particular project".
> (**PMI definition)**

Project deliverables

- Quality
- Budget
- Time
- Risk
- Scope

Projects contrasted to traditional and functional 'business as usual' work

- Projects are normally temporary rather than on-going.
- Many projects have the characteristic of uniqueness
- Project team members specialists 'from different departments'
- Projects are single task orientated and less repetitive in nature
- Projects have a less standardised approach to achieve goals
- Projects require a 'task culture' different to the 'role culture' of traditional departments
- Projects have a more complex arrangement of staff e.g. 'matrix structures' or 'team environments'

Responsibilities of a project manager

- Planning
- Monitoring and control
- Coordination
- Communication
- Organising
- Leading and motivating

Key skills of a project manager

1. Communication skills
2. Team building and motivation skills
3. Leadership skills
4. Negotiation skills
5. Problem solving skills
6. Delegation skills
7. Technical skills
8. Financial skills

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The project lifecycle and other project methodologies based on best practice. A logical sequence of activities in order to accomplish projects goals and objectives.

The project life cycle	Identification of need	Development of a solution	Perform the project		Terminate the project
	Define	Plan	Implement	Control	Complete
	What	**How**	**Do**	**Check**	**Finish**
The Project Management Body of Knowledge (PMBOK ®)	Initiation	Planning	Executing	Controlling	Closing
PRINCE 2	‑Starting up a projectø and ‑Initiating a projectø		‑Managing product deliveryø	‑Managing stage boundariesø and ‑Controlling a stageø	‑Closing a projectø
The AI 4-D model	Discover and Dream	Design	Deliver		

The Mckinsey 7-S model

A framework for analysing and improving project effectiveness.

Developed by consultants McKinsey & Company in the late 1970s. The framework analyses organisation, using seven interconnected elements, where problems can be diagnosed and strategies developed and implemented.

Hard elements are factual and easy to identify e.g. **strategy, systems and structure. Soft elements** are difficult to describe and continuously changing e.g. **staff, skills, style and shared values.**

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The key project stages explained

Initiation

The first phase of project initiation involves starting up the project. A project is initiated by defining its purpose and scope, justification and the solutions to be implemented. The project manager is appointed and in turn will select the team members based on the skills and experience required.

- Starting up the project and documenting a business case
- Feasibility study undertaken
- Terms of reference e.g. document specifying scope and details of the project
- Appointment of project manager and the project team

The content of a feasibility study can be remembered by using the acronym BEST. Types of feasibility is however very far reaching so could include many other different types e.g. political, ecological, time, legal or ethical feasibility.

- **Business (operational) feasibility** e.g. whether the project in mind conflicts drastically with the way the business is organised or conducts itself
- **Economic feasibility** e.g. financial justification of the project, benefits outweigh the cost
- **Social feasibility** e.g. whether end users or customers will accept the planned scope of delivery
- **Technical feasibility** e.g. a capable project with existing or current technology

Planning

After defining the project and appointing the project team, suitable planning documents are prepared to help guide the team through the project delivery. Planning is the process of creating a roadmap for delivery of the project

- Project plans
- Resource plans
- Financial plans
- Quality conformance plans
- Communication plans
- Identification and assignment of tasks
- Full risk analysis undertaken
- Governance process defined e.g. reporting frequency and channels established
- Stakeholder identification and marketing

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Execution and controlling

During the execution phase the planned solution is implemented. This involves building the deliverables and controlling the projects delivery, scope, cost, schedule, quality, as well as managing risks and other issues which are on-going. The deliverables will be physically built and eventually presented to the customer for acceptance. The most important issue in this phase is to ensure project activities are properly executed and controlled. Processes and systems will be required to monitor and control the deliverables of the project.

Closure or completion

Winding-down the project by releasing staff, handing over deliverables to the customer and completing a post implementation review.

- Winding-down the project and releasing staff
- Handing over deliverables to the customer
- Completing a post implementation review.

The project manager must ensure that the project is brought to its proper completion.

The stages key to the completion of projects

- Post completion documents prepared
- Stakeholder marketing and surveys
- Post completion audit and report e.g. a post project review
- Official close down and end to the project, the formal closure of the project by the sponsor or steering committee
- Disbanding the project team and ±tying up loose endsø
- Acceptance of project deliverables by the business owner or customer

Post completion review and audit

Post completion review and audit will examine the lessons to be learned. It will examine client satisfaction, management problems encountered and exceptions to planned project objectives will be highlighted.

- End user or client satisfaction surveys
- Appraisal of management and staff
- Exception reports for cost and scheduling
- Post testing after delivery
- Recommendations to support continuous improvement e.g. to review current procedures and design better ones to improve future projects

Stakeholders

> Stakeholders are those organisations or people that have an interest in the organisation, these interests varied and for many reasons. They can be a source of potential conflict for the successful accomplishment of an organisations strategy.

Mendelow's stakeholder mapping model

Mendelows matrix is a way of prioritising stakeholders by ±subjectiveø mapping of them, in order to understand and resolve any issues or conflicts that may exist. This model prioritises by mapping which stakeholders should more likely considered and therefore ±satisfiedø by the organisation.

- **Power** e.g. bargaining power, right or ability to exert influence over the organisations strategic aims and the general way it conducts itself.
- **Interest** e.g. interest in the activities or conduct of the organisation for varied reasons.

	Interest in the organisation	
	Low	**High**
Low	Minimal Effort (priority four)	Keep Informed (priority three)
High	Keep Satisfied (priority two)	Key players (priority one)

(Row header: Power over the organisation)

Other classifications for stakeholder analysis

- Internal, external and connected stakeholders
- Primary and secondary stakeholders
- Process and outcome stakeholders

Project stakeholders

There is no single or universal definition of a stakeholder

- Project manager e.g. tactical level coordinator and implementer
- Project team e.g. operational level staff
- Project owner e.g. customer or client
- Project sponsor e.g. strategic project board
- Project champion e.g. shaper and motivator
- End user e.g. ultimate consumer of the projects output
- External consultants and suppliers e.g. experts

The contrast of a project manager to a project board

Project Manager The person with authority to manage the project.	Project Board The project board or steering committee.
Similarities	
- Both could be the project champion - Both committed to the success of the project. - Both can have a input when selecting the project team..	
Differences	
- Accountable to project sponsor. - Tactical level of project hierarchy. - Responsible for meeting project deliverables e.g. time, cost and quality. - Motivating the project team. - Reports to the project board. - Manages operational aspects of the project.	- Accountable to project owner. - Strategic level of project hierarchy. - Responsible for providing project resources and ultimately bears the risk. - Appointing the project manager. - Reports to the project owner. - Oversees financial aspects of the project e.g. allocates funding.

E2 revision summaries

Project owner	- The project owner is the financier of the project and very interested in the end result being achieved e.g. the business owner, customer or client. - The project owner is the person who is ultimately paying for the project e.g. financier of the project. - The project owner provides the funding, the project sponsor provides the project resources and strategic oversight and they can be the same stakeholder. - The project owner could also be the end user. - The project owner ultimately stands to ÷winø or ÷loseø the most in terms of the outcome of the project and has full authority.
End users	- Ultimately will benefit from the. Project output e.g. construction or build of a final product. - Their needs help define and shape project output. - Must be satisfied with the project output.
Project champions	- Clear vision, enthusiasm and drive to achieve goals. - A prime motivational tool for success e.g. a shaper. - Able to "grease the wheel" to resolve stakeholder disputes or conflicts that arise.

E2 revision summaries

Tools and Techniques of Project Management

Key summary of chapter

> **Managing risk**
>
> 1. **Risk committee**
>
> 2. **Risk register**
>   - All identified risks ranked and prioritised.
>   - Significance and consequence reported.
>   - Assign responsibilities to manage.
>   - Measures and actions recommended.
>
> 3. **Risk management strategies**
>   - Retain the risk (Absorption) –do very little and live with itø
>   - Avoid the risk –but some risks are unavoidableø
>   - Reduce the risk –minimised by effective controlø
>   - Transfer the risk –transfer risk to an underwriterø
>   - Contain the risk –immediate action to safeguardø

> **Scenario planning**
> An attempt to build plausible views of a number of different possible futures for when operating in conditions of high uncertainty. Scenario planning is not about predicting the future but exploring the future. If management can be more aware of what could happen, they are more likely to be able to deal with it if it does.
>
> **Buffering (or slack)**
> The allowance of –extraøcost, time or resources e.g. –just in caseøcertain events or risks do occur.

> **Budgets**
> Budgets may help in authorising expenditure, communicating objectives and plans, controlling operations, coordinating activities, evaluating performance, planning and rewarding performance.
> Often reward systems involve comparison of actual with budgeted performance.
> **(CIMA)**

Work breakdown structure (WBS)

The purpose of work breakdown structure (WBS) is to help plan effectively for a project by breaking key tasks or activities down in to more manageable and smaller units of work.

Cost breakdown structure (CBS)

Lists every item classified and its expenditure for the project, in order to get a more detailed estimate.

Gantt charts

A horizontal bar chart used in project scheduling. Each activity or task is depicted as a block over time, actual performance is recorded in real time and compared to planned deadlines necessary for completion.

Critical path (network) analysis

Visual tool for effective time management and displays clearly interdependent relationships that exist between activities. Arranges tasks or activities into an optimum sequence of events allowing a project to be completed in the most efficient time possible.

How to construct a network (critical path) diagram

- Requires a pencil, ruler and 2_P coin
- Drawn from left to right and ‑landscapeø better than ‑portraitø
- Tasks or activities (represented by arrows) will always have one starting circle (before the arrow) and one finishing circle (after the arrow)
- No ‑crossing of linesø to avoid poor communication
- Complete the earliest event time for each activity, within their preceding circle, whilst completing the diagram, working from left to right
- Numerically label circles displayed e.g. circle 1, 2 , 3 etc
- Complete the latest event time for each activity within the succeeding (or following) circle. The LET cannot be identified until you have determined the elapsed time of the project first, therefore the recording of latest event times, would be the last thing you would do to complete the diagram. Work now from right to left within the diagram to do this.

A dummy event (or activity) is used when a task or activity follows more than one preceding activity e.g. the arrow could be drawn from more than one potential circle in the diagram. To preserve the diagrams logic: draw activities from the circle with the highest earliest event time, then link all possible circles together, that the activity could have been linked to, by using dummy activities e.g. a broken or dotted arrow.

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E2 revision summaries

Critical path (network) analysis (terminology)

- **Elapsed time** is the estimated time to complete the project
- **Critical activities** are tasks which must be completed within their planned duration or otherwise the project will not achieve its elapsed time.
- A **float time** is the amount of time an activity or task can slip past its planned duration, without delaying the elapsed time of the project e.g. any allowable delay. Float times are only relevant to non-critical activities because all critical activities have a float time of zero. Deducting the LET from EET can derive float times for each activity.
- The **earliest event time** (EET) for an activity is the earliest time it can start, given the interdependence of other activities that must precede it.
- The **latest event time** (LET) for an activity is the latest time it must be completed by, given what must succeed or follow it, to achieve the elapsed time of the project.
- **PERT (Project Evaluation and Review Techniques)** can give better time estimation for a project, by accounting for uncertainty when predicting each task duration. An ÷averageø time for each activity can be used to configure the elapsed time of the project, calculated from a ÷worseø case, ÷bestø case and ÷expectedø case scenario.

Resource histograms

A resource histogram is a column (or bar) chart that shows the number of resources assigned to a project over time. Resource histograms normally presented as bar charts, can be an effective tool for resource planning and coordinating project staff.

Milestones

The completion of major interim goals.

Gates

A smaller milestone, but well defined into the project management process.

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Project management software

Project management software on the market today includes Lotus Notes / Domino or Microsoft Outlook / Exchange. These fairly comprehensive and integrated packages provide project applications for timesheets, expense reports, resource management, job costing, help desk services, time reporting and much more.

PM software

- ✓ Project scheduling.
- ✓ Budgeting
- ✓ Communication
- ✓ Work breakdown structure
- ✓ Risk management
- ✓ Reporting
- ✓ Faster update of information
- ✓ Greater accuracy of information

</div>

Project reports

The project life cycle	Identification of need	Development of a solution	Perform the project		Terminate the project
	Define	Plan	Implement	Control	Complete
	What	**How**	**Do**	**Check**	**Finish**
Reports	**Project Initiation Document PID**	**Project Planning Document (PPD)**	**Progress (exception) reporting e.g. actual v budget**		**Post completion (PC) audit report**

E2 revision summaries

Conformance management systems

Ensures the output of the project meets the customers technical or functional specification and requirements.

Performance management systems

A measurement process of regularly assessing a projects progress against pre-defined outcomes e.g. time, cost and quality.

Earned Value Management (EVM)

It is a measurable system for project scope, scheduling and cost in a single integrated system, providing an early warning for performance problems.

Essential features of EVM

- A quantified project plan
- A valuation of planned work to be accomplished
- Pre-defined metrics to quantify the actual accomplishment of work
- Earned Valueø (EV) of activities as they are completed is compared to planned cost, to determine performance and trends

E2 revision summaries

Chapter

8

Project Teams

Key summary of chapter

Project-based, team or matrix organisational structures

Where project teams and functions (departments) co-exist together. Project team members selected from various internal departments and coordinated by a project manager who has accountability to meet project deliverables e.g. time, cost and quality.

Advantages	Disadvantages
✓ Improved communication ✓ Dispersion of power and influence ✓ Creative and innovative synergy. ✓ Greater customer or product focus	✗ Complex to maintain ✗ Dual authority can create conflict ✗ Too many meetings to get things done. ✗ Personality clashes

A team is a group of individuals with complimentary skills and a commitment to a common purpose. They normally share a common sense of purpose; identity and social belonging and work interdependently toward a common goal often collectively sharing reward.

'A collection or group of individuals who share a sense of common identity and contribute to the same common aim or purpose'.

Advantages	Disadvantages
✓ Dynamic and creative ✓ Flexible to change ✓ Improves staff morale ✓ Improves communication ✓ Group norms –unify‚ members	✗ Inadequate leadership ✗ Unclear goals or objectives ✗ Personality clashes ✗ Group norms create –insular barriers‚ ✗ Too many meetings to get things done ✗ Dual authority e.g. if a matrix structure exists

E2 revision summaries

Group terminology

Group norms a standard of specific behaviour expected by members of a social group.

Groupthink a process by which a group could make poor or irrational decisions, each member of the group attempts to conform his or her opinions to what they believe to be the consensus of the group, whether they agree or disagree.

Belbins team roles

Expert	Provides technical and specialised skills.
Coordinator	The leader or coordinator.
Shaper	Challenges and inspires the team to improve.
Plant	A source of ideas.
Monitor-Evaluator	Evaluates current options and spells out risks.
Investigator	Explores and investigates outside opportunities.
Implementer	Turns general ideas into reality.
Team worker	Promotes social cooperation and harmony.
Completer–Finisher	Ensures deadlines are met.

Bruce Tuckman's stages of team development	**Forming**	**Storming**	**Norming**	**Performing**
	-An inefficient collection of individualsø	-Open conflict, a highly defensive and emotional stage.ø	-Team conforming to norms with greater efficiency.ø	-Fully integrated team, development ceases.ø

E2 revision summaries

Charles Handy's contingency approach to team effectiveness

A manager cannot in the short-term vary the **'givens'** e.g. team size, members, aims and the challenges faced. Managers must use instead **'intervening factors'** to maximise the output of a team to achieve greater group productivity and satisfaction.

Group Motivation   Processes and Procedures   Leadership Style

Givens		Outcomes
Members Task Environment	**INTERVENING FACTORS**	Productivity Group satisfaction
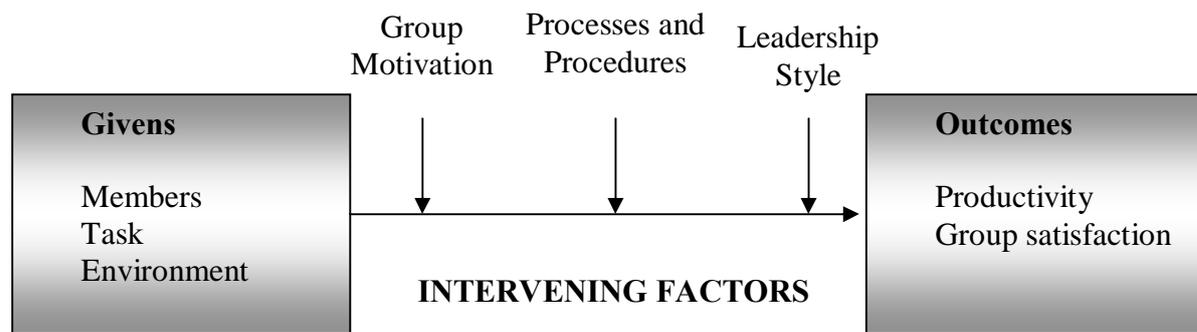
Examples of 'intervening factors'

- A good leader
- Clear and structured ‑reward systemsø
- Clear establish aims and objectives
- Common processes and procedures
- Promotion of openness and trust
- All nine roles of Meredith Belbin present
- Time for a group to ‑integrateø

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Leadership

Comparing leadership styles

Two contrasting leadership styles generally exist, democratic and autocratic.
Democratic is based on democracy and social equality.
Autocratic a bossy way and often aggressive and dominating.

Huneryager and Heckman	Dictatorial	Autocratic	Democratic	Laissez faire
Douglas McGregor	Theory X		Theory Y	
Ashridge College	Tells	Sells	Consults	Joins
Rensis Likert	Exploitative authoritative	Benevolent authoritative	Consultative	Participative group management
Blake and Mouton	Task		Team	Country club
Tannenbaum and Schmidt	Boss-Centred (task)		Subordinate-Centred (relationship)	
Arthur Fiedler	Task orientated		Relationship orientated	
John Adair's action centred leadership	Three elements of team management - Task needs - Individual needs - Group needs			

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Management Control

Key summary of chapter

Management

Getting things done through other people.

Henry Fayols five management functions

- Planning
- Organising
- Commanding
- Coordinating
- Controlling

Henry Fayol's fourteen principles of good management

- Scalar chain
- Division of work
- Authority
- Discipline
- Unity of command
- Unity of direction
- Subordination of individual interest
- Remuneration
- Centralisation
- Order
- Equity
- Stability of tenure of personnel
- Initiative
- Esprit de corps or ‑team spirit‑

Authority

The right to exercise power and make decisions.

Max Weber types of authority

- **Charismatic authority** e.g. personality to inspire, influence and lead.
- **Traditional authority** e.g. customs or tradition.
- **Rational-legal authority** (bureaucracy) e.g. formal title and job description.

Power

Ability or right to exert influence over other persons or situations.
The possession of a controlling influence.

Types of power (French and Raven 1958)

- **Reward power** e.g. reward or chances of promotion.
- **Coercive power** e.g. the ability to mediate punishment.
- **Expert power** e.g. superior knowledge, expertise or skills.
- **Legitimate power** e.g. job grade or title within the chain of command.
- **Referent power** e.g. respect, admiration and loyalty from others.

Bureaucracy

An organisation or system bound by an elaborate set of rules and procedures to tightly control it.

Organisational control

Examples of control in the workplace

- Job descriptions, grades and authority levels
- Span of control and scalar chain
- Organisational structure
- Standardisation of work procedures
- Rules and procedures
- Disciplinary procedures
- Reward
- Dress code
- Handbook
- Induction
- Training and development
- Recruitment and selection
- Contracts
- Staff appraisal

E2 revision summaries

Classical school contrasted to the human relations school of thought

	'Classical School' approach	'Human Relations' approach
Theorists	Henry Fayol Frederick Taylor Max Weber	Elton Mayo Abraham Maslow Frederick Herzberg
History	Late 19th century	Early 20th century.
Management Style	Autocratic, lack of consultation.	Participative, democratic.
Motivation	Extrinsic Reward e.g. money.	Intrinsic Reward e.g. job enrichment.
Management Control	Carrot and stick approach.	Contented cows produce more milk.
Management Focus	Task planning and design	Human welfare and psychology.

E2 revision summaries

Discipline

A system of rules, conduct or methods of practice to gain control or enforce obedience.

Douglas McGregor's 'red hot stove' rule for discipline

- **Immediacy** e.g. burn them immediately, don't leave it until later
- **Forewarning** e.g. 'forewarn' that they will get burned
- **Consistency** e.g. 'always' get burned when they touch the stove
- **Impartiality** e.g. 'everyone' gets burned, the stove does not discriminate

The spectrum of disciplinary action

- Informal advice
- Counselling, coaching and encouragement
- Oral or verbal warning
- Written warnings
- Interview 'the way forward'
- Job demotion, suspension, transfer or fine
- Exit interview and dismissal

Staff appraisal

The review and assessment of an employee's performance with the potential for improving effectiveness of performance through training and development.

The aims of an appraisal system

- Reward
- Performance
- Potential for development

E2 revision summaries

Management Skills
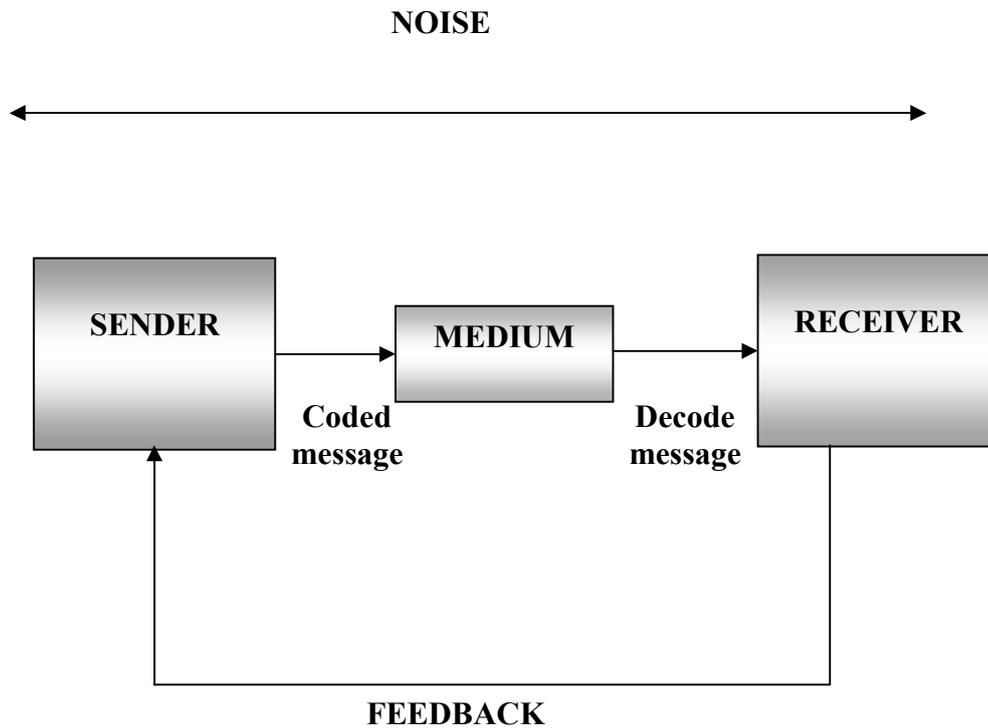
Key summary of chapter

Communication

The process of exchanging or conveying information, thoughts, feelings and ideas
e.g. voice, action, sign language, phone, e-mail, written or symbols.

A model to understand communication

NOISE

$$\longleftrightarrow$$

| SENDER | → | MEDIUM | → | RECEIVER |

Coded message   Decode message

FEEDBACK

E2 revision summaries

Meetings

Two or more people come together for the purpose of discussing a predetermined topic.

Reasons for meetings

- Share knowledge, opinions or ideas
- Make decisions and solve problems
- Negotiate a settlement or outcome
- Plan and coordinate work to be accomplished
- Provide feedback e.g. staff appraisals

A process to improve meetings

1. Define purpose, objective and agenda
2. Determine who needs to attend
3. Arrange location and time
4. Strong chairperson to undertake meeting and manage conflict
5. Clarify and summarise
6. Produce minutes and circulate
7. Follow up actions assigned

Negotiation

Two or more parties with competing interests, come together to discuss the terms of an arrangement or reach an agreement.

The four phases of negotiation

1. Preparation
2. Opening
3. Bargaining
4. Closing

E2 revision summaries

Conflict

The divergence of interest between individuals, groups or departments when they share resources or perceive their goals to be incompatible.

The Thomas-Kilmann Mode Instrument (1974)

Five conflict handling strategies

High Competing   **Collaborating**

**Focus on one's
own interest
or needs
(Assertiveness)**

                        Compromising

Low   Avoiding   **Accommodating**

          Low   **High**

          **Focus on the other's interest or needs
          (Cooperativeness and mutual relationships)**
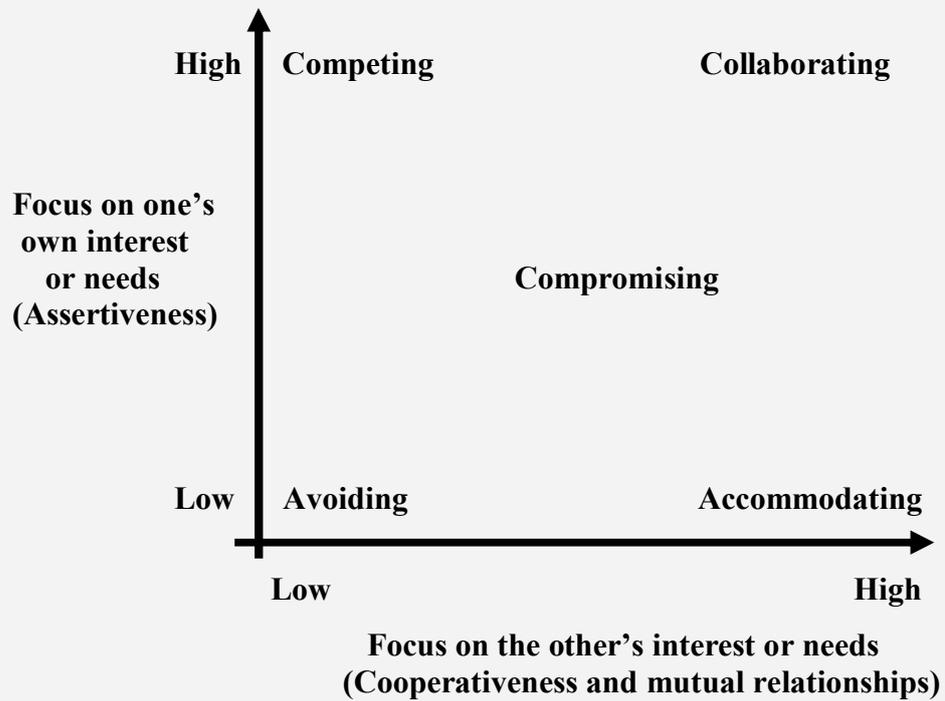
Time management

The way that people effectively use their time.

Advice for effective personal time management

- Schedule tasks each day and over the week
- Keep a log of time activity
- Plan for telephone calls
- Learn to say ‑Noø during busy moments
- Avoid engaging in social conversation
- Clear and tidy desk policy
- Plan activities for the next day
- TTD lists, diary, organiser, reminders

Stress management

The process of identifying stress factors and using interventions or techniques to help staff cope better.

How to deal with stress in the workplace

- Clear strategy
- Senior management support
- Stress audits
- Advice and support for staff
- Tools and techniques
- Social support
- Physical environment

E2 revision summaries

Mentoring

Mentoring means guidance, help, assistance, advice or support in order for a member of staff to improve knowledge, skills or develop themselves, it has a strong link with the induction and career development process.

Benefits

- ✓ Job enrichment.
- ✓ Succession planning
- ✓ Faster progression of staff
- ✓ Moral and productivity.
- ✓ Advice or assistance on the job.
- ✓ Reinforce aims, values and culture.

Drawbacks

- ✘ Few opportunities for advancement.
- ✘ Difficulties in coordinating programs
- ✘ Lack of organisational support
- ✘ Cost of administering programs

Delegation

The transfer or allocation of responsibility

Reasons for delegation

1. Train and developed by staff experience
2. Career advancement and succession planning.
3. The manager canøt do everything
4. Job enrichment for staff

Problems of delegation

- ✘ Lack of staff experience
- ✘ Manager may =under delegateø
- ✘ Insecure or authoritarian managers refusing to delegate
- ✘ Manager may =over delegateøand lose control
- ✘ Lack of time for manager to delegate

E2 revision summaries

Creativity and innovation

The creation of new ideas, things or ways of thinking e.g. a new product device or work process suggested by a customer or member of staff.

Encouraging creativity and innovation

- Team or matrix structures
- Empowerment of staff
- Encourage emergent strategies
- Staff suggestion schemes
- Participative, democratic and consultative management style
- Reward and recognition for 'innovative' achievement.
- Recruitment and selection of innovators
- Systems implemented for gathering information
- Promote a corporate culture of innovation
- Set innovation goals and objectives

E2 revision summaries

Chapter

12

The Legal Environment

Key summary of chapter

Types of employment law

- Employment contract e.g. express terms agreed between parties.
- Published codes of good practice e.g. ACAS (arbitration, conciliation and advisory service) code for disciplinary procedure.
- Acts of Parliament e.g. implied terms of employment law imposed on employer and employee.

Employment contracts

- Names of employer and employee.
- Commencement date for employment.
- Pay and benefits in kind
- Hours of work
- Holidays and holiday pay entitlement.
- Sick leave and sick pay.
- Pensions and schemes employee is eligible for.
- Disciplinary procedures.
- Notice period for terminating contract for both employer and employee.
- Job title and responsibilities.

E2 revision summaries

Dismissal

```
                    ┌─────────────────────────────┐
                    │   Wrongful dismissal        │
                    │   Dismissing an employee    │
                    │   without proper notice     │
                    └─────────────────────────────┘
                       ╱                        ╲
                      ╱                          ╲
┌─────────────────────────────┐      ┌─────────────────────────────┐
│   Summary dismissal         │      │   Constructive dismissal    │
│   Employee has made a       │      │   Employer changed the main │
│   serious breach            │      │   terms of the contract and │
│                             │      │   the employee resigns,     │
│                             │      │   where the employer is     │
│                             │      │   willing to continue       │
└─────────────────────────────┘      └─────────────────────────────┘
```

┌─────────────────────────────────────┐
│ • Must be serious change in terms. │
│ • Left because of it.   │
│ • Not agreed to the new terms.   │
└─────────────────────────────────────┘

Examples:
- **Willful disobedience and serious defiance of authority.**
- **Misconduct.**
- **Dishonesty.**
- **Incompetence.**
- **Gross negligence.**
- **Immorality.**
- **Drunkenness.**

Examples:
- **Pay reduction.**
- **Substantial change in job details.**
- **Disciplinary procedures not followed.**
- **Working environment not suitable.**

Examples of fair dismissal

- Employee lacks capability or qualifications to perform the job adequately.
- Considered ‡too ill∅to work.
- Gross misconduct.
- A Statutory bar or restriction prohibiting employment e.g. drink driving ban.
- Some other substantial reason e.g. employee was redundant.

Examples of unfair dismissal

- Unfair selection for redundancy
- Dismissed for involvement with a trade union
- Dismissed for being pregnant
- Dismissed on grounds of race or sex discrimination

E2 revision summaries

Recruitment 'fair treatment'

Should be the candidate that can best perform the job that is selected. Factors such as sex, race, disability or religion of the applicant should not have any part to play.

What can be challenged?

- Unfair selection criteria applied
- Poor reasons for not being short-listed
- Being bypassed for promotion
- Demeaning and/or inappropriate treatment during recruitment process
- Recruitment literature

Redundancy 'fair treatment'

Redundancy is when the role that an employee performs is no longer exists.

- The business closes down entirely or closes one of its locations e.g. receivership, rationalisation or divestment
- Work of a particular kind is no longer required e.g. processes now automated

Statutory duties

- **Sex Discrimination Act –** no individual based on sex or marital status should be discriminated with regards to work.
- **Equal Pay Act –** prevents discrimination between sexes with regard to pay, holiday and sickness.
- **Equal Opportunities Commission –** investigates breaches that employees or employers have alleged to have done.
- **Race Relations Act –** colour, race, origin, nationality are the key things this piece of legislation prevents. Tribunals deal with any alleged breaches.
- **Disability Discrimination Act –** employers must take reasonable steps to accommodate the needs of disabled employees.
- **Health and Safety Act –** employers must take steps to ensure the safeguard of the health and safety of employees.
- **Working Time Regulations –** limits working hours to a maximum of 48 hours a week unless otherwise agreed.
- **Minimum wage legislation –** introduced under the National Minimum Wage Act 1998, a minimum wage was introduced in 1999.
- **Maternity leave legislation –** special leave to mothers for ante-natal care.
- **Paternity leave legislation –**special leave to fathers after the child is born.

E2 revision summaries

Health and Safety

The Health and Safety Act 1974 was designed to ensure that the safety of employees is taken seriously and integrated fully into the work place.

- Good lighting in stairways
- Adequate ventilation
- Provide suitable tools and equipment to employees for the job in hand.
- Provision of sanitation, washing facilities and fresh drinking water.
- First aid facilities and named employees available who are trained in first aid.
- Signal warnings and signs where appropriate.
- Sanitary and toilet facilities for all employees.
- Fire regulations are complied with.
- Pollution is quarantined away from employees.
- Rectify problems brought to the attention of management.
- Protect employees from dangerous machines.
- Temperature regulated properly in all buildings.
- Training facilities

How to maintain health and safety within the work place

1. Document health and safety policies
2. Organise staff to make health and safety policies effective
3. Plan for health and safety and set standards
4. Measure health and safety performance
5. Audit and review health and safety policies

E2 revision summaries