

IMPROVE YOUR BUSINESSES

People and Productivity





**IMPROVE
YOUR BUSINESS**

PEOPLE AND PRODUCTIVITY

International Labour Office

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About the Start and Improve Your Business (SIYB) Programme

The Start and Improve Your Business (SIYB) programme is a management-training programme developed by the International Labour Organization (ILO) with a focus on starting and improving small businesses as a strategy for creating more and better employment for women and men, particularly in emerging economies. With an estimated outreach in over 100 countries, it is one of the world's largest programmes in this field.

The programme has four inter-related packages - Generate Your Business Idea (GYB), Start Your Business (SYB), Improve Your Business (IYB) and Expand Your Business (EYB).

The ILO implements the programme using a three-tier structure comprising Master Trainers, Trainers and the end beneficiaries – potential and existing entrepreneurs. The Master Trainers licensed by the ILO are responsible for developing the capacity of the Trainers to effectively conduct SIYB training. Thereafter, the Trainers train entrepreneurs in SIYB packages. The ILO plays a critical role in identifying and disseminating best practices, carrying out trainings, monitoring activities, performing quality control and providing technical advice on the implementation of the SIYB programme.

About Improve Your Business (IYB)

Improve Your Business (IYB) is a management training programme for owners and managers of small enterprises who want to sustain their businesses, increase sales and reduce costs. It addresses the core question of how to improve the performance of your business.

IYB originates from a programme developed by the Swedish Employer's Confederation for local small and medium entrepreneurs. Later, the methods and materials were adapted by the ILO to meet the needs of people running small businesses in developing countries.

The IYB training programme is supported by a set of six manuals (marketing, costing, buying and stock control, record keeping, planning for your business, and people and productivity). These manuals can be taught individually or all combined in a full course. If the full course using all the manuals is delivered, the duration is approximately seven days. The IYB training uses an active, problem-centred learning approach to small business management through, for example, short cases and graphic illustrations.

The IYB People and Productivity manual explains how entrepreneurs can increase the business productivity by following better recruitment procedures, adequately motivating and rewarding their employees, and maintaining good relations with their suppliers and the community in which they operate.

Authors and acknowledgements

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This manual is based on the materials originally developed in 2003 by the ILO SIYB Regional Project Office in Harare, Zimbabwe, where it was written by Ejvind Mogensen and Robert Zegers.

The author team of the 2015 version, which revised the existing text and wrote new chapters to include recent thinking in enterprise development and related fields comprises Phan Minh Tue, Eva Majurin and Pranati Mehtha. Stylistic and language editing were carried out by Steve Raymond.

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INTRODUCTION

1. What is this manual about?

Your business success largely depends on you and on the people working with you. Employees who are skilful and have a pleasant attitude can contribute to the productivity and create a competitive advantage for your business. As a business owner, if you show that respect to your employees and treat them well, you will improve your business performance and, ultimately, your profits. This manual describes how to maximise your profits by adequately planning and then recruiting, motivating, rewarding and protecting your employees.

2. Who should read this manual?

People and Productivity is one of the manuals in the Improve Your Business (IYB) series. It is useful for entrepreneurs who are running enterprises and who wish to develop their businesses, increase sales and reduce costs.

3. Objectives of this manual

When you have completed this manual, you should be able to:

- Explain the link between people and productivity as well as the link between people and competitiveness
- Identify the key productivity indicators of your business and the factors that influence them
- Select the right people for your business
- Motivate people to become more productive
- Build a safe and healthy workplace
- Define a productive workplace culture
- Identify and solve the problems of troubled employees
- Maintain good external relations in order to support your business

4. How to use this manual?

In this manual you will find:

- **Stories of businesses:** Compare these examples with your own business and use them to improve the performance and profitability of your business.

- **Activities:** Practical exercises in the middle of each part that help you to proactively think about the concepts and how to apply them to your own business.
- **Summary:** This is provided at the end of each part. Use it to review the key points.
- **Assessment:** This is provided at the end of each part. Answering the questions will help you to assess how well you understand the content presented in that part.
- **“Can You Help?”:** These are exercises at the end of the manual which will give you an opportunity to apply your new knowledge and skills in specific situations. By doing these exercises, you will find out how much you have learned from the whole manual.
- **Action Plan:** Fill in and use the Action Plan near the end of the manual. This will help you to put your new knowledge into practice.
- **Answers:** Answers to Assessments and “Can You Help?” exercises are given at the end of the manual. Finish each exercise before you look at the answer.
- **Useful Business Words:** You can look up the meaning of business words that you do not understand. This part is at the end of the manual.
- **Important notes:** Each of these notes has important information. Use this information to the best of your ability. You can find these notes in the middle of different parts of the manual.

Several icons are used within the manual to help guide your study. Examples of the icons and their meanings are listed below:



When you see this icon, you have activities to do or questions to answer.



When you see this icon, you find an answer for your activities and assessments here.



When you see this icon, it signifies that the information in this part is extremely important.



When you see this icon, you have to complete assessments that help you measure what you have learned.



When you see this icon, you will know you have just completed one part and the important ideas that were presented are being summarized here.



When you see this icon, it tells you where to find more information or what to do.

LINKING PEOPLE AND PRODUCTIVITY

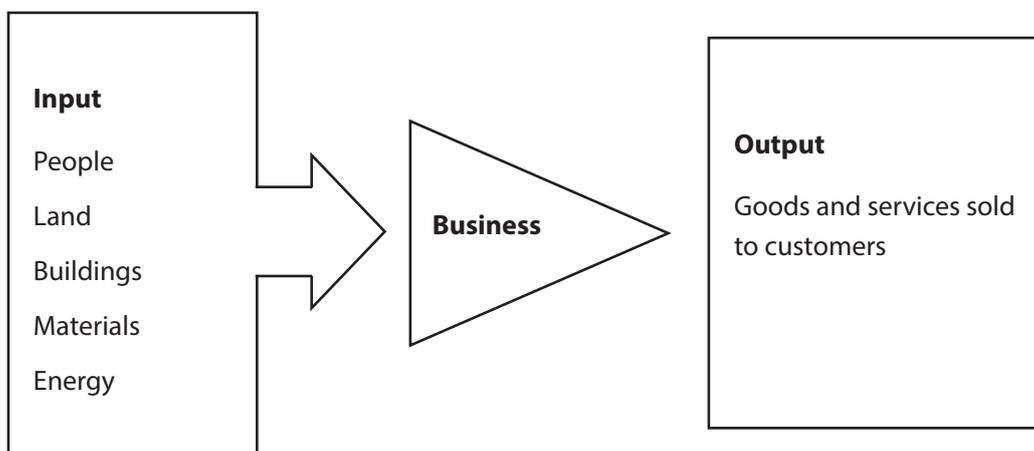
Your business success depends on you and on the people working with you. Your employees contribute to the productivity of your business, so it is important that you understand productivity.

1. What is productivity?

Productivity is the effective use of innovation and resources to increase the value added content of goods and services.

To improve productivity, the owner of a business can do two things:

- Increase the output without changing the input (making and selling more)
- Decrease the input without changing the output (reducing the costs of the resources used in the business)



The output you get from any particular input is the productivity of that input. The productivity of your business, therefore, indicates the degree to which your resources (input) are put to good use. By increasing your productivity, you improve your business performance and therefore, increase your profits.



ACTIVITY 1

Now that you understand how productivity relates to the input and output of your business, how do you measure productivity? Let's list all the possible productivity indicators of your business.

.....
.....
.....

Here are some examples of productivity indicators:

- The number of garments a worker produces for each hour that he or she receives a salary
- The weekly sales per square metre of shop space
- The number of chair legs a machine can turn in a day if working non-stop (the number produced will depend on the machine as well as on the machine operator)
- The number of shirts an employee can sew per hour during his or her eight hour shift
- The total cost of the salaries paid in relation to the total sales of the business

Productivity is also sometimes expressed in a figure that is found by dividing the value of the output by the value of input.



ACTIVITY 2

Business		A	B
Output	Sales	\$150,000	\$300,000
Input	Cost of goods sold	(\$100,000)	(\$210,000)
	Salaries/wages	(\$15,000)	(\$35,000)
	Other costs	(\$10,000)	(\$20,000)
Profit		\$25,000	\$35,000

1. Which business makes more profit?

.....
.....

2. Which business has higher employee productivity? Which has higher overall productivity?

.....

.....

3. Can you spot a problem? What would you recommend?

.....

.....

See the answers on page 8.

2. Are people important to productivity?

The following situations illustrate the link between people and productivity and show what may happen if too little attention is paid to the role of people in your business.



Hassan General Store: Hassan does not spend much time on recruiting the right people. He only makes sure he gets them at the lowest possible wage.

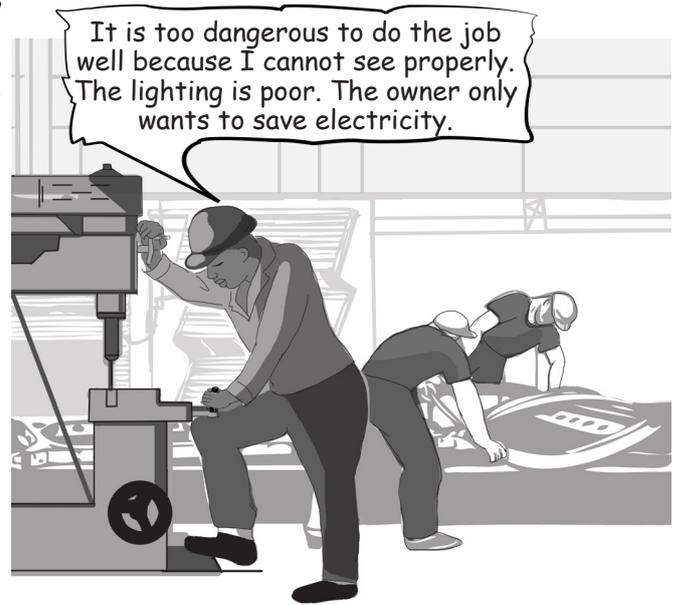


I'm not thanked for cleaning. So why bother!

You are right! Nobody would appreciate if we do extra work. Just take it easy.

I wonder when someone is going to serve.

Sunshine Restaurant: The owner gives the orders and expects her staff to work hard. She pays their salaries and believes that is all that is required.



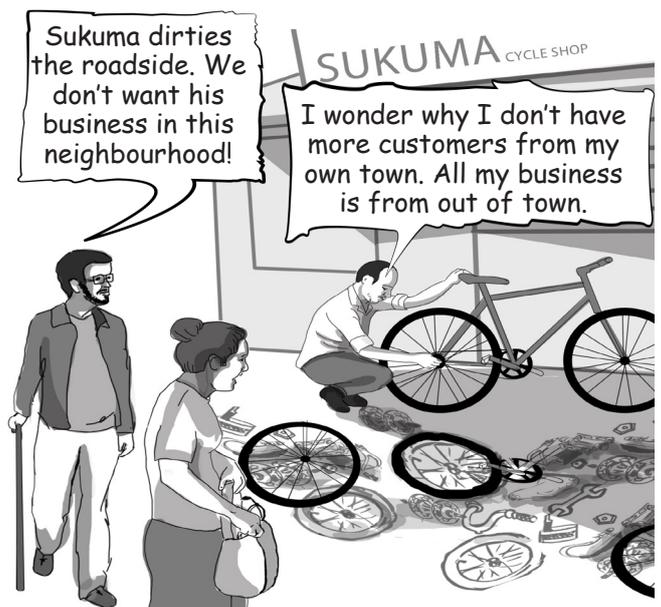
It is too dangerous to do the job well because I cannot see properly. The lighting is poor. The owner only wants to save electricity.

Lungu Metal Workshop: The owner is not interested in health and safety arrangements for employees at his workshop. He feels they are too expensive.



I cannot stay very late at work every day. I need to take care of my child. But the owner always takes a lot of clients in the evening. She is only interested in making money.

Hair and Beauty Salon: The owner doesn't make time to talk to her staff. She is not interested in their problems.



Sukuma dirties the roadside. We don't want his business in this neighbourhood!

I wonder why I don't have more customers from my own town. All my business is from out of town.

Sukuma Cycle Shop: The owner needs more space for his workshop. He uses the roadside to do some of the work and clutters it in the process. He is not concerned with what the people think.



From the illustrations on the previous page, write down why you think these businesses are unproductive.

.....

.....

.....

See the answers on page 8.



- Note that everything related to productivity has to do with the people who work in your business. Work can be accomplished in different ways and some workers may be more productive than others.
- If your workers are inefficient, your business will suffer. If they do their work well, your productivity will increase and your business will do well. Who will help them do a better job? You!



3. People and competitiveness

To sell more goods or services, your business must be more competitive than your competitors in the market. What makes a business competitive? There are many factors contributing to competitiveness, such as location, equipment, materials, distribution, etc. But it is the people working for you who are the decisive factor in creating a long-term competitive edge for your business. This is because your competitors can replicate the other factors. For example, the good location of your business will no longer be a competitive advantage if a competitor finds a location better than yours.

From the illustration on the next page, you can see how people contribute to the competitiveness of a business. A pool of employees who are skilful and friendly towards customers will differentiate your business from the others in the market.



In this part we have explained that there is not only a link between people and business productivity but also a link between people and competitiveness. You see how people influence productivity and make your business more competitive, which results in improved business performance and higher profits.

In the next part, you will learn more about how people can improve productivity and about ways to systematically introduce and monitor improvements in productivity.



SUMMARY

- No business can succeed without **people who are motivated about their job**.
- **Productivity** is a measure of the degree to which your resources, including your human resources, are put to good use.
- **People are important to productivity** and to your business profitability. You benefit by treating your staff with respect and understanding.
- Employees who are skilful and have a positive attitude are a decisive factor in increasing the **competitiveness** of your business.



You have just completed Part I of this manual. Do the exercise below to check your understanding. Finish the exercises before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. The productivity of a business is found by...
 - a. dividing the amount of output by the amount of input.
 - b. dividing the total value of the output by the total value of the input.
 - c. dividing the total value of the input by the total value of the output.

2. Productivity can be increased by...
 - a. increasing output and input.
 - b. decreasing output and increasing input.
 - c. increasing output and decreasing input.

3. People can influence productivity negatively if...
 - a. they are given less tasks.
 - b. they have more holidays.
 - c. they are not motivated to work well.



ANSWERS TO ACTIVITIES

Activity 2

1. Business B is more profitable (Sales \$300,000 – Input \$265,000 = Profit \$35,000).
2. Employee productivity= Sales/Salaries or wages

Business A has higher employee productivity:

$$\$150,000/\$15,000 = 10 \text{ compared to B: } \$300,000/\$35,000 = 8.5$$

Overall productivity= Sales/Input costs

Business A has a higher overall productivity:

$$\$150,000/\$125,000 = 1.2 \text{ compared to B: } \$300,000/\$265,000 = 1.13$$

3. There is a problem with Business B. It achieves higher sales value at a very high cost.

Recommendation: Better training of efficient employees will result in more sales. Pay attention to the recruitment process so that you can prevent overstaffing and hire efficient employees. Also, ensuring a safe and healthy workplace will reduce loss of productivity through employee illness or turnover.

Activity 3

These five business owners neglect to pay enough attention to the role that people play in making their businesses successful. They do not understand how their employees could help them to improve productivity and increase profits.

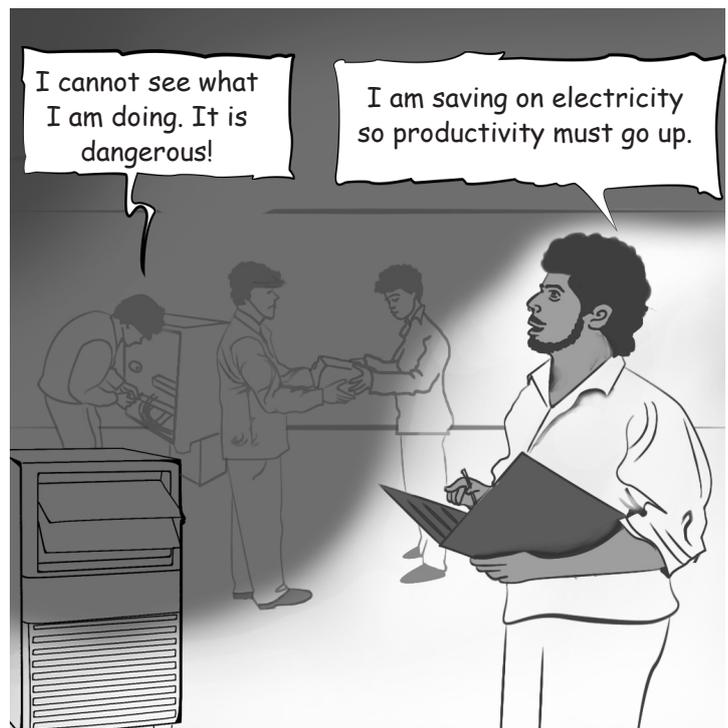
- *Hassan General Store* did not recruit the right people.
- The owner of *Sunshine Restaurant* does not offer encouragement to her staff.
- *Lungu Metal Workshop* has an unsafe working environment. This makes the employees unproductive.
- The owner of *Hair and Beauty Salon* does not take the time to listen to the problems of her employees.
- The owner of *Sukuma Cycle Shop* does not keep his workplace clean and has no regard for his neighbours. Therefore, he is losing potential customers.

INFLUENCING PRODUCTIVITY

We have learned that productivity can be improved by making and selling more (increasing the output) and/or by reducing the cost of the resources used in the business (decreasing the input).

As the picture shows, improving productivity is not so simple. You should think how input can be reduced and/or output increased without negative consequences. The best results are achieved if both input and output are considered. You have to choose the right areas for intervention.

1. You will first have to identify the factors that influence productivity. See **1. Productivity factors**.
2. You will then have to select the specific areas in which improvements can be made. See **2. Productivity indicators**.
3. You will use these indicators to measure the extent to which improvements can actually be made. See **3. Monitoring productivity**.



Is productivity improved?

In the following sections, we will look at each of these three steps and pay special attention to the various ways in which people can improve productivity.

1. Productivity factors

Productivity factors are issues that positively or negatively affect:

- The input (materials, wages, electricity, etc.) required to produce a certain amount of output (the quantity of goods or services produced and sold)
- The volume of output (the quantity of goods that need to be produced and sold at certain prices in order to achieve specific sales targets)

Productivity factors may be divided into internal and external:

- **Internal productivity factors** are issues that can be influenced by the business owner. These may include problems with the goods, product quality, price, equipment, material, energy use, skill and motivation of workers, storage, the organization, etc.
- **External productivity factors** are issues that are outside the control of the business. They include access to infrastructure, the weather, the market situation, taxation, etc. Nothing can be done about these factors as long as the business keeps operating in its present setting. If they have a serious negative effect, the business owner may consider relocating or changing the nature of the business.

“

In small businesses, labour is one of the most important factors influencing productivity. Productivity will increase when employees are skilful, work hard and do their jobs efficiently.

”



To make a full assessment of the internal productivity factors, it would be best if you and your workers brainstorm to come up with a list of productivity barriers and constraints. See the following example:

The owner of *Sunshine Restaurant* knows that her business has problems with productivity. She discusses this with her staff. Based on both the staff contributions and her own ideas, she prioritized the list of problems as follows:

1. There are not enough workers to handle big orders.
2. The new employee does not know how to use the mixing machine.
3. The cost of the flour is too high. The employees know that other restaurants are getting the same flour for less money.
4. Poor storage of the flour causes it to get wet and then it has to be thrown out.
5. The oven is old and does not have the capacity to hold enough rolls.





Which are the most important productivity factors in your business? What are the constraints to your productivity?

.....

.....

.....

2. Productivity indicators

If you have completed the previous exercise, you should have a better idea of the factors affecting the productivity in your business. You might also be thinking about what you can do to improve the productivity of your business. How do you know that implementing the changes would actually improve your business productivity? Unless you know how to measure productivity, you can only guess.

One way to measure the productivity is to look at the financial results. However, if the results are poor, the business has already lost money, so this measurement is too late. Therefore, most successful business owners identify and continuously measure indicators that they know affect the productivity of their businesses without waiting for the financial results.

A productivity indicator should relate to the business output or input. The following examples are of common types of businesses and their possible productivity indicators.

To be increased or improved:

- The value of the monthly sales
- The number of goods sold per customer
- The number of new customers
- The number of customers per employee
- The time it takes for the delivery of supplies

To be decreased or checked:

- The cost of the supplies
- The percentage of spoilage
- The number of staff absences
- Shoplifting and theft



Hassan General Store

To be increased:

- The number of meals served per day
- The amount of new customers

To be decreased:

- The time it takes to prepare and serve each meal
- The amount of food that is wasted
- The number of employee absences
- The cost per meal



Sunshine Restaurant



Lungu Metal Workshop

To be increased:

- The number of products made per month
- The number of products made per worker
- The number of orders per month
- The number of products completed without reworking

To be decreased:

- The cost per product
- The downtime per item of equipment
- The number of absences per month
- The amount of raw materials that are scrapped

The major considerations for selecting productivity indicators:

- They must relate to the type of business you are running and the way in which you manage your business (as in the examples above).
- They must react to the changes in the input and the output of your business.
- They must rely on the use of existing data that is easy to collect, so that you can easily measure productivity.

Follow these steps to select the appropriate productivity indicators for your business:

- **Step 1: Take a good look at what is happening in your business** - Consider your productivity factors, examine the financial records of the business, talk with your workers and then choose the areas in which you want to improve your productivity. It should be in areas that will make a difference when the changes are introduced.

- **Step 2: Identify the data needed to measure progress towards achieving your productivity goals**
- Remember that the data should be either readily available from your existing records or easy to obtain. Use information from both the past and the present so that you can measure the improvement of your productivity over a period of time.
- **Step 3: Choose specific productivity indicators** – Note that the indicators should be related to the improvements you are trying to make.

ACTIVITY 5



Below are examples of some common productivity problems (factors) in a small business. Suggest ways in which these problems could be overcome and what productivity indicators you would use to measure improvements.

Problems	How to improve?	Productivity indicators
The time it takes to make an item is too long.		
Customer complains about delivery time and quality.		
The workplace is overcrowded with work in progress and goods in stock.		
Due to poor quality, goods have to be reworked before delivery.		
A lot of waste is generated due to poor quality materials and errors in processing.		
Work often stops because of hazards and lack of materials.		
Workers are idle while waiting for more work.		
Workers are often absent or they leave the company and take other jobs.		
Suppliers deliver late or they deliver the wrong quantities.		

See the answers on page 16.

3. Monitoring productivity

By continuously measuring productivity indicators, you can get important signals about the success of your business and, therefore, about the profit you make.



ACTIVITY 6

The owner of *Sweet Cake* has prepared an action plan to improve his business and he selected the following productivity indicators to check the progress in the bakery:

- The number of loaves of bread made per bag of flour
- The amount of time that the ovens are idle

He measured these indicators every week and achieved the following results over a ten week period:

Week	1	2	3	4	5	6	7	8	9	10
The number of loaves per bag of flour	48	52	60	58	60	62	62	62	64	62
The number of hours the ovens are idle	10	7	5	4	6	3	2	3	1	2

1. Make graphs to show the changes in productivity.
2. How do you think the improvements were achieved and why?
3. The idle time for the ovens has decreased. What could that mean?

See the answers on page 17.



ACTIVITY 7

Are you continuously monitoring the productivity of your business? Select your productivity indicators and keep a record of the changes.

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.....

We have studied productivity factors and indicators. In the following parts, we will focus more on how respecting and treating your employees well will contribute towards the improvement of your productivity, your performance and your profit.

SUMMARY



- **Productivity** may be improved by increasing output and/or decreasing input. The areas of intervention must be carefully chosen. To do this, you must first identify the factors that influence productivity, and then select the specific areas in which improvements are planned and determine productivity indicators to measure the extent to which improvements are actually made.
- Both **internal and external factors** affect productivity, but attention to internal productivity factors can improve productivity much more quickly.
- **Productivity indicators** are chosen to measure improvement. They should be appropriate to the business and focus on problem areas or areas in which improvements should be made. They should be responsive to changes in input or output and be based on business records that are easy to obtain.
- **Continuous monitoring** of productivity indicators will facilitate the constant measurement of improvement. New and different indicators may be introduced from time to time for other aspects of the business.

ASSESSMENT 2



You have just completed Part II of this manual. Do the exercise below to check your understanding. Finish the exercises before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. Internal productivity factors include problems or issues that can be influenced by...
 - a. the national economy.
 - b. the competition.
 - c. the business owner.

2. Productivity indicators are used to...
 - a. measure changes of productivity.
 - b. indicate the business growth.
 - c. check the workers' output.

3. Monitoring of productivity indicators means...

- a. measuring productivity indicators and assessing whether the productivity is increasing or decreasing.
- b. undertaking all possible measures to increase the productivity.
- c. finding problems or issues that reduce the productivity.



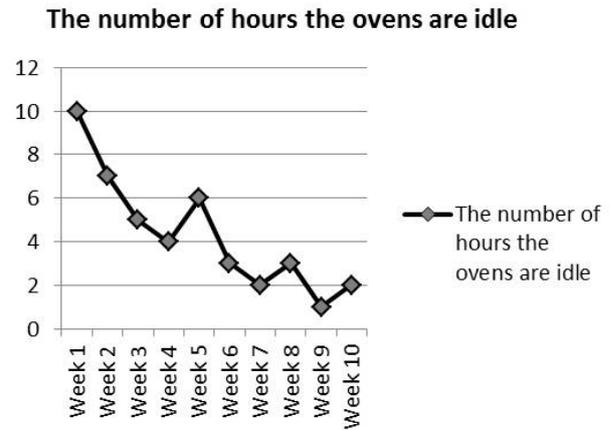
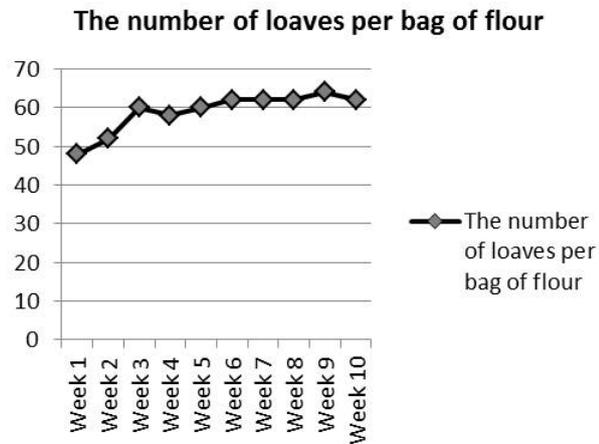
ANSWERS TO ACTIVITIES

Activity 5

Problems	How to improve?	Productivity indicators
The time it takes to make an item is too long.	<ul style="list-style-type: none"> • Reduce the time to make that item 	<ul style="list-style-type: none"> • Time from order to delivery
Customer complains about delivery time and quality.	<ul style="list-style-type: none"> • Reduce the time it takes to make an item and increase the quality 	<ul style="list-style-type: none"> • Time from order to delivery • The quality of the item
The workplace is overcrowded with work in progress and goods in stock.	<ul style="list-style-type: none"> • Reduce the work in progress and manage the stock better 	<ul style="list-style-type: none"> • The number of work stoppages/interruptions lasting more than one hour • The amount of stock
Due to poor quality, goods have to be reworked before delivery.	<ul style="list-style-type: none"> • Control the quality when work is in progress • Check the quality before delivery 	<ul style="list-style-type: none"> • The number of goods reworked before delivery
A lot of waste is generated due to poor quality materials and errors in processing.	<ul style="list-style-type: none"> • Check the quality of the material at the time of purchase • Streamline processing 	<ul style="list-style-type: none"> • The amount of waste as a percentage of the sales
Work often stops because of hazards and lack of materials.	<ul style="list-style-type: none"> • Ensure high standards of occupational safety and health • Make sure materials are available 	<ul style="list-style-type: none"> • Waiting time per worker per day because of staff illness or injury • Waiting time per worker per day because material is unavailable
Workers are idle while waiting for more work.	<ul style="list-style-type: none"> • The organization should be made more efficient 	<ul style="list-style-type: none"> • Waiting time per worker per day
Workers are often absent or they leave the company and take other jobs.	<ul style="list-style-type: none"> • Develop a clear employee policy and review wages and benefits 	<ul style="list-style-type: none"> • Absences per month per worker • Staff turnover rate
Suppliers deliver late or they deliver the wrong quantities.	<ul style="list-style-type: none"> • Manage suppliers well to make sure they deliver on time and that they deliver the correct quantities 	<ul style="list-style-type: none"> • The number of delivery delays • The number of pending orders delayed because the wrong quantities were delivered

Activity 6

1. Make graphs:



2. The number of loaves per bag of flour has increased, perhaps because there is less loss of flour through spoilage, theft, or waste. Also, maybe more loaves of smaller sizes are being made. An increase in the number of customers for Sweet Cake could have also contributed to a greater number of loaves per bag of flour and also fewer hours that the ovens are idle.
3. A decrease in the idle time for the ovens indicates a higher production and more sales.

PEOPLE, PRODUCTIVITY AND PLANNING

You need to organize and lead the people properly for your business to be productive.

1. Setting up an organizational structure

Your business is an organization wherein you and your workers are working together to achieve business goals. If your business is well organized and all the employees know their positions, their responsibilities, their job descriptions and who manages them, then the organization is properly structured.

An organization structure refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met.

ACTIVITY 8



How many people are working in your business? What are their positions? Do you have a clearly defined structure of responsibilities, reporting hierarchy and job descriptions?

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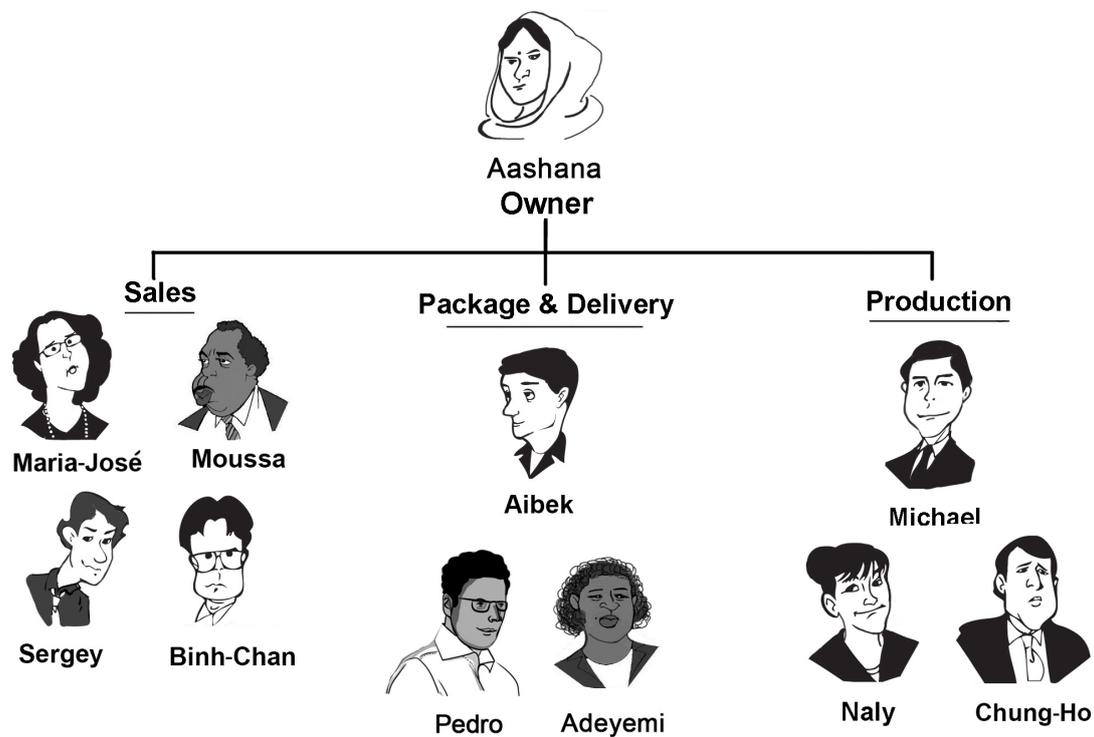
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When your business is very small and communication is frequent between all the employees, a formal structure may not be necessary. But when the business grows, you should think about delegating various tasks. The most appropriate organizational structure for a small business is a functional structure, which reflects the following:

- The differentiation of the division of labour: Who does what?
- The hierarchy and authority in the organization. Each position in the organization should have a clearly defined responsibility for output or results. The amount of responsibility should match the amount of authority one has over the resources necessary to achieve that goal.

- The reporting relationship among employees: Every employee should report to one supervisor. Do not confuse them with a poorly defined hierarchy.
- Group tasks into functions or positions.



Functional structure of *Dunder Cement and Construction Company*

When setting up organizational structures, the following must be taken into account:

- The structure must be simple, flexible and avoid bureaucratic red tape.
- It should be built around the job descriptions.
- The employees should participate in the creation and implementation of work plans.
- The structure must be properly communicated to all employees.
- The structure must be continuously reviewed to take into account changes in the environment.



ACTIVITY 9

Set up an organizational structure:

Hassan General Store is expanding to become a retail and wholesale company. Assume that there is a Director (business owner), a Purchasing & Stock Manager, an Accounting and Financial Manager, a Retail Store Manager and a Wholesale Manager. There are two retail stores and each store is managed by a supervisor. Both the retail and wholesale outlets have sales staff.

See the answers on page 23.



Develop your own organizational structure and base it on the people employed in your business and the tasks they are currently performing.

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2. Human resources management

In small businesses, the owner is usually the one who takes care of human resource management. Human resource management is different from personnel administration. Personnel administration has much more to do with the paperwork involved with hiring people, keeping the employee profiles, recording the hours that the employees worked, overseeing payroll, processing reimbursements, and terminating employment contracts. Human resource management is much more than personnel administration, as the job is more focused on building up a committed and highly productive workforce for the business.

Human Resource Management (HRM) is the strategic process of recruiting people, training and coaching them, and motivating and rewarding them. It must be in line with your business objectives.



The slogan “People are a valuable business asset” is the primary principle of HRM. The growth of your business depends primarily on the people with whom you work. If you make them happy, they will be more productive and your business will continue to grow and be profitable.



An effective HRM should ensure that:

- **The business hires the right people for the right job:** Part IV of the manual explains how to recruit the right people.
- **The people are motivated to be highly productive:** Part V will offer techniques for motivating people.

- **High productivity is maintained by creating a healthy and safe environment at the workplace:** In Part VI you will learn about occupational health and safety.
- **An appropriate workplace culture is created:** All of these issues are discussed in Part VII.
- **Problems relating to the employees are addressed quickly and effectively:** Part VIII will discuss how to identify employee problems immediately and how to solve them effectively.



SUMMARY

In this part, you have learned that:

- An **organizational structure** refers to the way that an organization arranges people and jobs so that its work can be performed and its goals can be met. When your business is very small and communication is frequent between all the employees, a formal structure may not be necessary. However, when the business grows, you should think about delegating various tasks and making sure that your employees are clear about their tasks, responsibility and reporting authority in the organization.
- **Human Resource Management** is different from personnel management. Human resource management is a strategic process of recruiting people, training and coaching them, and motivating and rewarding them.



ASSESSMENT 3

You have just completed Part III of this manual. Do the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. A good organizational structure should very clearly define...
 - a. who the business owner is.
 - b. how people and their jobs are arranged in a business.
 - c. the skill requirements for every position.
2. Human resource management aims to...
 - a. build up a committed and highly productive workforce for your business.
 - b. record the working hours correctly.
 - c. supervise people to make sure that they are working effectively.

**Activity 9**

Organizational structure of *Hassan General Store*:



RECRUITING PRODUCTIVE PEOPLE

The first step in managing productivity through people is **recruitment**. It is the process of selecting the most suitable applicants to employ in your business.



1. How to recruit the right people?

Your business must have a clear **recruitment policy** that is based on the needs of the business. The recruitment policy should very clearly state what skills are necessary for your business, the type of people you would like to recruit, the number of people that you will recruit and how you will find and hire them. All the people who are involved in the recruitment process in your business must consistently follow this policy. It must also be applied to all applicants, including your family members and relatives.

When recruiting people you have to:

- Determine the work that needs to be done in your business
- Write job descriptions that specify who is to do what

- Attract suitable applicants and then interview and select the right workers
- Finally, help the new worker to settle in and to understand your business (induction)

1.1 Determine the work to be done

Your workforce is not only a significant input, but it also comes at a significant cost. Therefore, it is important to know what work is to be done and then to select and manage your workers so that they do the best possible job.

Follow these steps to determine the work that needs to be done.

Step 1: List the kind of work to be done and the skills and attitude needed - Create a role profile/job description that will define the overall objective of a position, its reporting relationships and job requirements. Job requirements include the technical competencies needed for the role, behavioural and attitudinal requirements, qualifications needed, experience level required, specific demands from the candidate (example: need to improve sales) and special requirements needed to fulfil the job (example: travelling).

A role profile produces the job criteria against which candidates will be selected and assessed at the interview. If you have already employed workers, you can observe and evaluate the tasks that they perform based on the role profile.

Remember, that when setting the role profile, you should act as an equal opportunity employer. You should not discriminate on the grounds of disability, real or perceived HIV status, or gender. As for all other candidates, you should focus on the skills and abilities of the applicant.

Step 2: Estimate the amount of work involved - See how much time is spent on each task, keeping in mind the need for breaks. For example, what is required to provide proper service levels? Are there any slow or peak workload periods? This will help you to estimate the number of workers you need and the number of hours they need to work.

Step 3: Determine who does what job - When you have identified the amount of work to be done, think about the different ways in which you can get the job done. Some possibilities include:

- Expand your own skills and do some of the work yourself. This would save you money, but may require that you get more training and experience. For larger businesses that require the owners or managers to spend more of their time overseeing the operation, this is not the best option. They should think about delegating tasks and responsibilities to others.
- Subcontract tasks to other businesses or contract experienced part-time workers. This would help you to get qualified workers at lower costs and give you enough time to concentrate on supervising business operations.
- Train existing staff.
- Employ full-time workers who have the necessary skills.

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Employing staff is a serious matter. Being proficient in this job is part of being a good manager. You can get help, but the responsibility is yours.



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Hassan General Store is open about 40 hours per week. The owner acts as the supervisor of the store and has two shop assistants to help him run the business. He has finally understood that he must have the right people with the appropriate skills and a positive attitude working with him. Therefore, he lists the most important tasks to be done. Now, he needs to identify who does which job and he wonders whether he should hire additional staff:

Tasks	Hours per week
Purchasing stock	20
Serving customers in the store	70
Keeping records and paying bills	10
Packing shelves	10
Cleaning up	20
Delivering goods	20
Total hours per week	150

1. How many workers are needed?

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2. Who should do which job?

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3. Can Hassan subcontract any work instead of hiring an employee? Why?

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See the answers on page 37.



ACTIVITY 12

- What are the tasks to be carried out in your business and how many hours per day or week are required to complete the tasks?
- What skills and attitudes are needed by the workers?
- Are you employing the correct number of workers?
- Are there other ways you could have the work done?

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1.2 Writing job descriptions

A job description is like a work programme for one person. Job descriptions help you decide who should do what job and the skills and abilities needed to perform the job. Job descriptions also help workers understand what is expected from them. A job description should generally contain:

JOB DESCRIPTION	
Name of the business:	Enables the applicant to know which company he/she is applying to. The applicant can then find out about the company background, location and reputation.
Job title:	Gives a clear indication of the position of a person in the business and the main function of the job - e.g.: Marketing Manager.
Reports to:	Identifies the reporting relationship between the job holder and the manager or supervisor to whom the job holder is directly responsible.
Supervises the following:	Identifies which subordinates will report to the job holder.
Main objectives of the position:	A concise summary of the job to be performed, its link to other jobs and its overall contribution to the objectives of the business.
Principal responsibilities and main tasks:	A description of the major duties and responsibilities of the job, in the order of importance, with the standards of performance that are expected of the job holder.
Job requirements:	Summarises the requirements of applicants for the position, including past experience, education, training and other qualifications needed to do the job.

Expected start date, the end date if applicable and the hours of work:	Indicates when the applicant will be required to commence duties, the duration of the contract for the vacant position and whether the position is full-time or part-time.
Salary:	Indicates the remuneration provided for the specific job. It also includes any benefits that will be given to the applicant.
How to apply:	Indicates who the applicant should contact and what details need to be submitted for the application.

Here is a job description of a Shop Supervisor of a general store.

Name of the business:	<i>Express General Store</i>
Job title:	Shop Supervisor
Reports to:	Owner of the shop
Supervises the following:	Shop Assistants
Main objectives of the position:	The Shop Supervisor is responsible for ordering supplies, controlling and storing stock, managing the display the goods and service to customers.
Principal responsibilities and main tasks:	<ol style="list-style-type: none"> 1. Every week, prepare a list of goods to be ordered from the main supplier. Discuss the list with the owner to get approval. 2. Place the order either every day or weekly, depending on the item. 3. Check the incoming stock against the orders and inform the owner of any discrepancies. 4. Ensure that all stock is properly displayed on the shelves for customers to see. 5. Ensure that backup supplies of stock are properly stored in the storeroom and are easily retrievable. 6. Ensure that customers are treated courteously and that any complaints are immediately acted upon. 7. Ensure that telephone orders received from customers are properly prepared and delivered on time. 8. Direct and assist other staff in carrying out their duties. 9. Perform any other duties that may be necessary or are assigned by the owner of the shop.
Job requirements :	Must have completed a secondary education and must have knowledge about retailing or other relevant trade. Also must have at least four years of experience in retail (preferably in convenience stores or supermarkets). In addition, a successful applicant has a friendly and helpful attitude and exhibits a willingness to help fellow workers when needed.
Expected start date, the end date if applicable and the hours of work:	<p>This job is full time. The contract will be for one year and is renewable, depending on the performance. The candidate that has been chosen will start the job on June 1st.</p> <p>Hours of work: 40 hours per week; from 8:00 am to 5:00 pm (includes one hour for lunch) from Monday to Friday.</p>

Salary and benefits:	Wage: \$2000/month. Sick leave and holidays: Ten days of paid sick leave and twenty days of holidays. Benefits: 7% of the wage is paid to the National Social Security and Health Benefit program.
How to apply:	Send CV to email address: recruitment@express.com



ACTIVITY 13

Hassan has come to the conclusion that additional staff is needed in order to get everything done correctly and on time. He has decided to employ a person whose responsibility will be to keep the shop clean and orderly, deliver goods and serve customers whenever the shop assistants need help. Hassan will not be subcontracting these tasks.

Create a job description for this position.

See the answers on page 37.



ACTIVITY 14

Do you write job descriptions in your business? If so, what do the job descriptions include? Do workers understand their job descriptions?

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1.3 Selecting the right workers

Once you have determined the work that has to be done and you have prepared the job descriptions, you can then hire the employees. The following steps will enable you to select the right people for the jobs. Even when your business employs relatives, you should follow these steps to make sure you choose employees in the right way and select the right ones.

Step 1: Advertise the job and identify possible candidates - You can find suitable candidates by advertising in newspapers or working with local employment services and/or vocational training centres. Alternatively,

you might ask colleagues in the industry or friends and family to help find suitable candidates. If formally advertised, a summary of the job description should be given with the proposed salary, start date, hours of work per week, contact details for applying for the job and if possible, the documents that should be submitted for the application. Before setting a date and time for the interview with a candidate, you should check the candidate's references and past employment.

Step 2: Interview and test the candidate - The shortlisted candidates should then be called for an interview or tests if needed. Some applicants find the interview procedure overwhelming, so it is important that you create a relaxed atmosphere. The interview should be used to:

- Tell the applicant about your business and thoroughly describe the job that has to be done and the standards of performance that are expected
- Confirm the information on the resume concerning the applicant's qualifications, knowledge, skills and experience
- Explore any additional and useful talents that the applicant may have
- Test the skills and knowledge of the applicant by asking how he or she might solve a problem or perform a certain duty
- Give the applicant the opportunity to ask questions and present his or her views on matters relevant to the business and the vacant post
- From your general impression of the personality of the applicant, decide if the applicant and you could work well together

Step 3: Choose the right person - Do not select the person for reasons not linked to the job itself. For example, is it a good idea to employ family members or friends? It can be a good idea, but it can also create special problems. Family members or friends sometimes expect special treatment, which can lead to problems with other workers. So think clearly and do not hire people just because they are friends or family. Additionally, when hiring, do not assume that women, people with disabilities or HIV status are unemployable. You should treat them in the same way as you would treat any other applicant. Focus on whether the applicant has the right skills and attitude for the job. The future of the business depends on having the right people in the right job.

Step 4: Make an agreement - The agreement should contain the job description and specify the conditions, including wages, working hours, duration of the contract, sick leave and holidays, social security and health benefits, relevant company rules, performance reviews and any incentives available. Both the new worker and the business owner should sign the agreement. If your business employs many workers, you may have a printed standard agreement, as most conditions of work would be the same for everyone.

ACTIVITY 15



The owner of *Hassan General Store* is going to employ a new worker for cleaning and organizing the store, delivering goods and helping to serve customers when shop assistants require help.

In the previous activity, you created a job description for this position. Hassan is now ready to interview the applicants.

1. What questions should he ask?
2. How should he test the applicants?
3. Draft an employment agreement specifying the above mentioned conditions.

See the answers on page 38.



Before employing people you should understand the laws and rules of employment in the country.



1.4 Help the new worker to settle in (induction)

On the first day of the job you should help the new worker to become familiar with the working environment. This process is called **induction**.



ACTIVITY 16

What should be included in an induction programme?

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A good induction programme should cover the following:

- The vision for the business and the company values
- An organization chart with a description of the organizational structure
- Policies, rules and procedures
- Payroll and administration hierarchy
- Work schedule, overtime policy and work breaks
- Phone numbers and addresses of the key people
- Grievance procedures
- Disciplinary procedures
- Promotion policy
- Training and development issues
- Confidentiality and conflict of interest

- Annual leave, statutory holidays, special holidays, sick leave, maternity leave, etc.
- Information about performance reviews and the timing of such reviews
- Occupation safety and health policy
- Discrimination and harassment policy
- Expenses that may be claimed

ACTIVITY 17



How do you know that you have the right people in your organization? Did you choose the right person for the right reasons? Did you make a contract? How well do the employees know the laws and rules affecting their employment? Have you helped them to settle in and to understand your business?

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2. Avoid discrimination to obtain the best employees

Discrimination occurs in recruitment when a distinction, exclusion or preference is made against an applicant solely on the basis of characteristics that are not related to the person’s competencies or the inherent requirements of the job. Discrimination while hiring on the basis of race/colour, sex, religion, political opinion, nationality, HIV/AIDS status, disability, workers with family responsibilities, etc. prevents equality of opportunity in seeking employment.

Following are some of the most prominent forms of discrimination in recruitment:

Gender discrimination is when one applicant is treated differently than another based solely on biological characteristics and functions that distinguish men and women; and on the basis of social differences between men and women rather than their abilities and the job requirements. Discrimination based on sex also includes sexual harassment, insults or inappropriate remarks, paternalistic attitudes, unwelcome invitations or requests and any unnecessary physical contact during the interview.

Be open to applications from both sexes to all jobs in your enterprise; don’t think some jobs are better suited for men and others for women. The result would be that you lose the ability to find the best person for the job.

Discrimination against persons living with HIV/AIDS is also found to be common while making recruitment decisions. There should be no discrimination or stigmatization of workers on the basis of real or perceived HIV/AIDS status. HIV/AIDS screening should not be required of either job applicants or employees and HIV infection

should not be a cause for termination of employment. Persons with HIV-related illnesses should be allowed to work for as long as they are medically fit.

Discrimination against persons with disabilities is a common problem. As a result, disabled people are disproportionately poor and underemployed. Enterprises should not discriminate against people with disabilities while recruiting and should take positive steps to accommodate particular workplace needs that workers with disabilities may have.

There are two types of discrimination: direct and indirect discrimination. **Direct discrimination** is when the employer passes over a qualified applicant and recruits another applicant just because he or she prefers to work with persons of one sex, of a specific ethnic origin or religion, or other similar factors. **Indirect discrimination** is more common. It occurs when a recruitment practice appears neutral, but leads to disadvantages that are primarily suffered by people of one sex, race, health status, or other such characteristics. For example, an employer may set minimum height and weight requirements that don't relate to the job performance but set the bar too high for female applicants.

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Discrimination does not just harm individuals and society, but also hurts your business: provide equal opportunities for all to apply in order to obtain a talented and skilled workforce.

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To be fair and in order to obtain the best talent in the labour market, you should give all applicants regardless of sex, race, disability, social origin, etc., an equal opportunity to fill your vacant position.

Your work policies should also allow and encourage all applicants to apply for a job. For instance, providing female employees with a paid maternity leave, enabling them to travel with their babies, creating an environment that is free from sexual harassment, providing equal opportunities for women and men for training and career development and equal remuneration for work of equal value will help you to attract qualified women whose talents and contributions will be beneficial for your business.

3. Beware of exploitative situations

Child labour is defined as work that deprives children of their childhood, their potential and their dignity. It is harmful to their physical and mental development.

It refers to work that:

- Is mentally, physically, socially or morally dangerous and harmful for children
- Interferes with their education by depriving them of the opportunity to attend school, making them

leave school prematurely, or requiring them to attempt to combine school attendance with excessively long working hours

Not all work done by persons under the age of 18 years of age is classified as child labour. Children engaged in assisting in the family business or earning pocket money outside school hours and during school holidays in conformity with national legislation on the types of work allowed for different age brackets are regarded as positive experiences. These types of jobs can contribute positively to the individual's development and provide skills and experience that help to prepare that person to be a productive member of society, while at the same time providing businesses access to valuable talent.

If you recruit people less than 18 years of age, you should make sure that:

- They have reached the minimum age as specified in the law for that type of work.
- The job is not dangerous, hazardous, or difficult.
- The job does not prevent them from attending school.
- The working conditions are not harmful to their physical and mental health.
- The wages are not lower than those of other workers doing the same job.

Forced labour is any work or service that people are forced to do against their will, under the threat of some form of penalty. Freedom from forced labour is a basic human and workers' right that needs to be respected. You should also keep in mind that only people who willingly come to work and are not being forced to do so will be productive employees. In addition to refraining from forcing someone to work, you should make sure you do not indirectly contribute to forced labour by recruiting someone whose application may not be inspired by free will but instead is linked to debt bondage, labour trafficking or similar abusive practices.

SUMMARY



- The success of your business and the amount of profit it makes depends on **the productivity of your workers**.
- **Wages are one of the greatest costs of your business.** Make sure you know what work needs to be done, what skills are required, how much time is to be spent doing the work and who will do it.
- **Make a job description for every employee.** It should contain the name of the business, the job title, the person to whom the employee is responsible, people that the employee may supervise, an outline of the job describing the specific duties of the new employee, the qualifications required, expected start date, end date if applicable, hours of work, salary and benefits and how to apply for the job.
- **Select the right people** by taking the following steps: Advertise the job, interview qualified applicants, choose the right person and make an agreement.
- Complete an **induction programme** to ensure that the new worker quickly settles in and understands your business.
- **Discrimination** is not only illegal, a breach of an individual's human rights, and costly for the community,

but also has a negative impact on business performance, as it means the business may not be able to obtain the best talent in the market.

- **Child labour** deprives children of their childhood, their potential and their dignity. When recruiting persons under 18 years of age, make sure you are providing decent work in conformity with national legislation. This means you will benefit from the talent and contributions of these youth who will be gaining valuable work experience in safe conditions.
- Do not contribute to **forced labour** or exploitative labour practices by recruiting persons who you suspect may not be applying for the job out of free will but because they are victims of trafficking or other abusive and coercive practices.



ASSESSMENT 4

You have just completed Part IV of this manual. Do the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. A job description should contain...
 - a. the name, address and telephone number of the employee.
 - b. the title and other details of the job.
 - c. the title of the job and the name of the employee.
2. To select the right person, you should make sure that...
 - a. this person must be qualified to do the job.
 - b. this person must have a good relationship with you.
 - c. this person must have a lot of work experience.
3. You should conduct an induction programme to help the new person...
 - a. learn who you are.
 - b. learn how to treat the other employees.
 - c. understand your business and settle in quickly.
4. As a specific form of discrimination, sex discrimination is...
 - a. treating male and female candidates differently.
 - b. not giving favours to female candidates.
 - c. asking male and female employees to do the same jobs.

5. When you hire people less than 18 years of age, you should give them jobs...
 - a. which can interfere with their schooling.
 - b. which are under the minimum age limit to do the job for working.
 - c. which are not harmful to their physical and mental health

ANSWERS TO ACTIVITIES



Activity 11

1. The total number of hours required to do the work at the store is 150 per week. Each person works about 40 hours per week. Therefore four people are needed to execute all the tasks efficiently.
2. Supervisor/owner: Purchasing stock, keeping records and paying bills.
 First & second staff assistant: Serving the customers in the store and packing shelves.
 Messenger: A fourth staff can be hired for cleaning up and delivering goods.
3. Hassan can subcontract the work of cleaning the store and delivering goods as this service is a generalized skill, so someone who is not directly connected to his store can also do the jobs. Also, subcontracting might be a cheaper and faster option than hiring an employee.

Activity 13

Job description for Messenger:

Name of the business:	<i>Hassan General Store</i>
Job title:	Messenger
Reports to:	Shop Supervisor
Supervises the following:	None
Main objectives of the position:	The Messenger is responsible for keeping the shop clean and orderly, delivering goods, and serving customers whenever the shop assistants need help and the messenger is not delivering goods.
Principal responsibilities and main tasks:	<ol style="list-style-type: none"> 1. Every morning, clean the shop floor and shelves 2. Deliver goods to the customers that require delivery 3. Serve customers when the shop assistants need help 4. Perform any other duty that may be necessary or is assigned by the shop supervisor/owner
Job requirements:	<p>Must have completed a secondary education and must have at least one year of experience in retail, preferably in convenience stores or supermarkets.</p> <p>In addition, a successful applicant should have a friendly and helpful attitude and should exhibit the willingness to help fellow workers when needed.</p>

Expected start date, the end date if applicable and the hours of work:	This job is full time. The contract will be for one year and is renewable, depending upon the performance. The candidate that has been chosen will start the job on Sep 1st. Hours of work: 40 hours per week; from 8:00 am to 5:00 pm (includes one hour for lunch) from Monday to Friday.
Salary and benefits:	Competitive monthly salary and benefits will be provided.
How to apply:	To make an appointment, call Mr Hassan 056 6823889

Activity 15

1. What system should be used for cleaning? How should the deliveries be checked to make sure that they are correct?
2. Test by conducting a trail day and observe how applicants clean the store, and by checking how well applicants know the streets in the town, etc.
3. Employment agreement:

<p>EMPLOYMENT AGREEMENT</p> <p>Name of employer: <i>Hassan General Store</i></p> <p>Title: Messenger</p> <p>Employment term: One year (renewable depending upon the performance)</p> <p>Wage: \$550/month. Paid in cash on the last day of the month.</p> <p>Hours of work: 40 hours per week from 8:00 am to 5:00 pm (includes one hour for lunch) from Monday to Friday.</p> <p>Sick leave and holiday: Six days of paid sick leave and ten days of holidays.</p> <p>Benefits: 7% of the wage is paid to the National Social Security and Health Benefit program.</p> <p>Performance review: A written performance review will be made every six months. A bonus will also be awarded for good performance.</p>
--

HOW TO ENCOURAGE STAFF PRODUCTIVITY

In addition to possessing adequate knowledge to do a job, workers should also be motivated to work. This will encourage staff productivity. There are many ways to motivate people. There is negative motivation; such as the fear of losing a job or risking criticism from the boss. There is also positive motivation; such as praise, financial incentives, additional training and professional development. Positive motivation is more effective in improving performance and increasing productivity.

ACTIVITY 18



What are the ways in which you can keep your staff motivated?

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There are many theories about what motivates people, but one that is widely used is Maslow's Hierarchy of Needs.



Needs level 5:

People want to develop themselves, to improve their abilities, to learn new skills and to grow in their jobs. See **5. Training and development** on page 45.

Needs level 4:

People want to be valued for what they do; they want to be given responsibility for their work and be rewarded for what they do well. See **4. Performance appraisal and rewards** on page 43.

Needs level 3:

People want to feel part of a group; to belong and contribute positively to their environment. See **3. Teams and teamwork** on page 42.

Needs level 2:

People need to feel safe and secure in their work. See **2. Job security and workplace safety** on page 41.

Needs level 1:

People need to satisfy their basic needs for food, clothing and housing and they need adequate finances for their family and their children's education. See **1. Wages and financial incentives** on page 40.

You see that there are different levels of needs. The theory is that first the lower level needs must be satisfied, or at least partially satisfied. After that, the higher level needs can be addressed. This means that, unless people feel that their salaries and working conditions are satisfactory, and until they feel that they have some sort of job security, they are unlikely to be motivated to improve their performance for the benefit of your business.

1. Wages and financial incentives

The first step in motivating your employees is to ensure them that they will receive a regular and fair wage. The wage must be sufficient for meeting the needs of the employees and their families and has to be in conformity with minimum wage legislation. Maternity leave with pay, sick leave with pay and holidays with pay should also be provided in accordance with the law. In addition, workers could be offered other monetary incentives, such as bonuses (for individual as well as group performance), life insurance or matching contributions to a savings account for their children's education.

When deciding on remuneration, make sure you evaluate each job objectively and that you provide equal remuneration for work of equal value. This means you should pay staff the same when they perform the same work, but also work that may be different, but of equal value. For instance, the job of an account manager may be different than that of a marketing manager, but they may be similar or the same in terms of expertise levels, effort, responsibility and working conditions. The evaluation of such objective criteria should be a primary consideration when deciding on remuneration, rather than stereotypical assumptions about the job or job holder.

“

You should pay employees a wage that ensures they can meet their needs, which should under no circumstances be less than the minimum wage regulated by the government. You should also pay wages to workers when they take maternity leave, and make sure you provide equal pay for work of equal value to your employees.

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ACTIVITY 19



Suggest possible monetary incentives other than salary for a shop assistant, a hairdresser and a machine operator.

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See the answers on page 50.

2. Job security and workplace safety

- **Job security:** If a worker has a well-paid job with good working conditions, he or she would want the situation to continue and would want to keep the job. The business owner will gain by having employees work for a longer time in the business so that the business does not have to waste time in recruiting and training new people time and again.
- **Health and safety:** A worker who is afraid of being injured will be distracted at work and cannot be expected to do the job well. Similarly, if the worker is exposed to hazardous materials that affect his or her health negatively, the productivity of the worker will diminish. The business owner should ensure that the workplace has health and safety provisions in place and that the workers are taught how to access it. This will have a positive impact on productivity.

ACTIVITY 20



What can you do to improve job security and workplace safety in your business?

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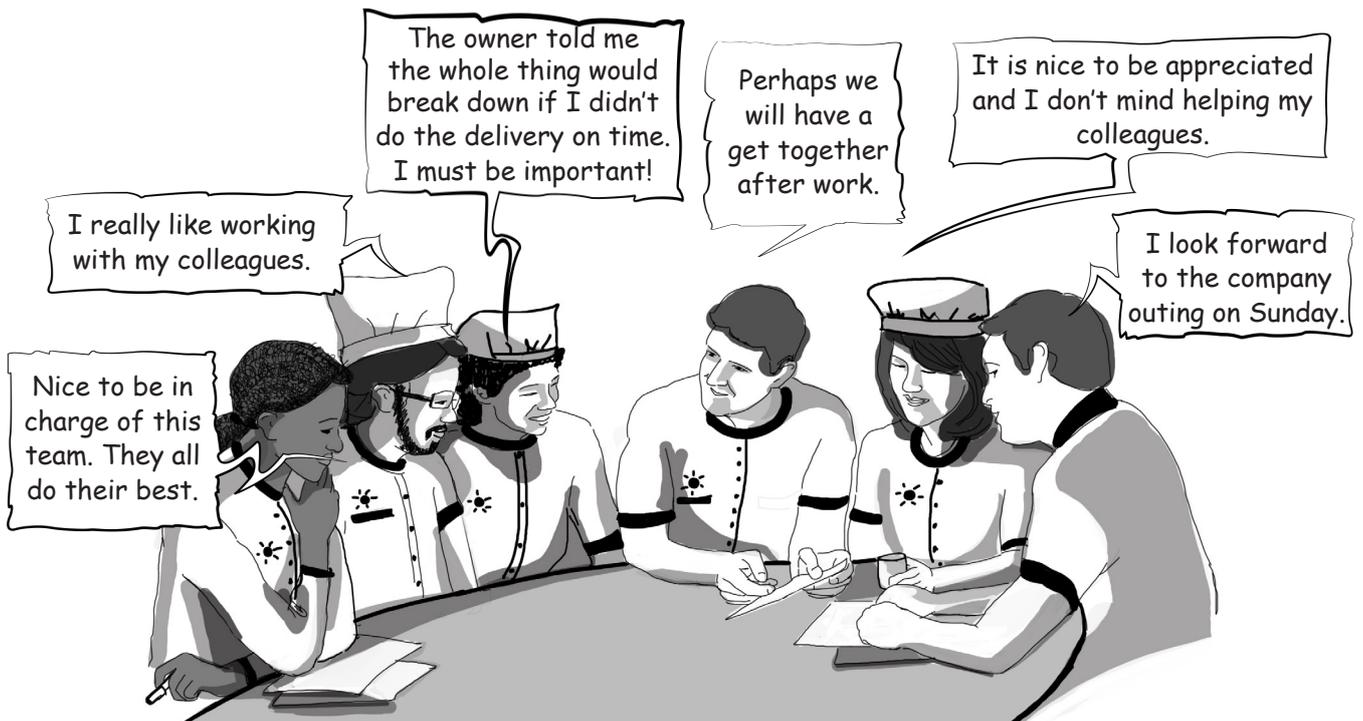


Part VI will explain the link between a safe workplace and productivity in more detail, as well as how to create a safe workplace.

3. Teams and teamwork

Teamwork increases productivity as it improves coordination and interaction between workers, produces better ideas and improves the involvement of individuals in the success of the whole process.

See the following example:



“

All team members must be treated equally and fairly, irrespective of age, gender, disability and ethnic background. The basics of equality of treatment are equal pay for work of equal value, equality of opportunity and equal conditions.

”





ACTIVITY 21

How can you facilitate the use of teams and teamwork to help improve your business productivity?

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4. Performance appraisal and rewards

The fourth step on the ladder of motivational needs says that people want to be valued for what they do; they want to be given responsibility for their work and be rewarded for what they do well. The worker is already motivated by having a well-paid, secure job and has the feeling that he or she is part of a team. The employees would be further motivated by being appreciated and rewarded for the work done by them.



ACTIVITY 22

How do you show appreciation and reward your workers so that they improve their performance?

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To encourage workers to perform better, you should:

- Make clear the standards of performance that are expected of each worker
- Continuously assess the performance of the workers
- Give them feedback on both the positive and the negative aspects of their performance
- Encourage workers by rewarding their good performance
- Let workers encourage and appraise each other



“

If a worker does something particularly well, you must show your appreciation as soon as possible. It motivates him or her to continue in this way.

”

You need to take time to listen and to give feedback. If you are busy, tell the employee that you would like to talk later and immediately make an appointment for the discussion. Unresolved work issues or personal problems keep people distracted from their work, which slows productivity.

How to give daily feedback?

- Do it soon after the activity if possible, whether it is praise or admonition
- Think before you speak
- Be specific. For example, say things like: 'I didn't think it was proper to interrupt while the person was speaking.'
- Be direct and try to be as helpful as possible, without being sarcastic or negative
- Focus on important issues
- Choose the right time, the right place and the right words
- Remain calm

Feedback about poor performance should be given in a constructive way and should focus on the behaviour, not on the person. The discussion should be about finding the reason for the poor performance and about finding ways to improve it. This could include training, different tasks, new tools or equipment, or even a short leave from work to recover from an illness. Continuous poor performance, even after various solutions have been offered, forms the basis of termination of the contract of the worker.

In addition to the daily feedback, a **performance review meeting** should be held once or twice a year. In this meeting, you would assess the performance of each employee. You should ask the employees to answer questions about the goals that were set in the previous meeting, such as:

- Was it a realistic goal? If not, what target would have been better?
- On a scale of one to ten, how well do you believe that you have achieved the goal?
- How do you know that you have reached this level of achievement?
- What have you done to reach the goal?

Then the future goals should be discussed and agreed upon.

As the manager of your business, you should ask your workers to give you feedback on your own performance. Workers can help you to improve productivity by identifying both the negative and the positive aspects of the actions you take and the decisions you make. Workers should be able to give honest feedback to owners or

managers without fear of punishment. Also, use the performance review meeting to discuss bonuses and/or possible promotions for your best employees.

ACTIVITY 23



At *Sunshine Restaurant*, the workforce is made up of cooks, waiters and cleaners. Their job descriptions consist of buying and storing stock, cooking, serving and cleaning.

How would you assess the performance of the cook, the waiter and the cleaner? What rewards would you give for exemplary performance?

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See the answers on page 50.

ACTIVITY 24



How do you assess and control worker performance in your business? What rewards do you give for good performance?

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5. Training and development

Training

You have selected your workers carefully, so they should have the skills needed to do their jobs. However, your business might be a bit different than the other businesses in which they worked, so **on the job training** will enable the workers to perform to the best of their abilities. Additional training may be needed as your business develops or if there are new trends in the market and new skills are required.



The *Sweet Cake* owner is aware that his new employee needs to be taught what to do in order to maintain the standard of quality that he has set.

In small businesses, employees learn from experienced co-workers or supervisors while they are on the job. Therefore, most of the training will be done on the job and by coaching.

Coaching will provide workers with the skills they need to perform their jobs better. Normally the business owner acts as a coach, but you can also assign workers who have experience and skills to coach new workers.

To provide an effective coaching session, you should:

- Identify the new skills that the workers need by comparing their current performance with the requirements of the job.
- Involve the workers in the planning of the coaching sessions to help you decide what skills they need to be taught and when and where the sessions will take place.
- Explain very clearly what skills are needed and what you expect to achieve.
- Demonstrate the skills so that the workers can observe them.
- Make it a requirement for the workers to practice the new skills.
- Observe their performance and give them feedback so that they can improve their skills.

ACTIVITY 25



There is a new trend for fruit icing in the bakery business but none of the employees at *Sweet Cake* bakery know how to make fruit icing. How does the *Sweet Cake* owner provide this skill to the employees?

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See the answers on page 50.

ACTIVITY 26



Can you identify the workers that need training? How do you provide on the job training for them?

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Employee development

The top step on the motivational ladder concerns the need for people to develop themselves, to improve their abilities, to learn new skills and to grow in their jobs. If the need is met, your workers will be happier and more motivated to contribute to making your business more productive.

How do you respond in the right way? Some examples:

- **Have workers perform a different job** for a short period of time in order to add to their skills and qualifications and to create a pool of workers who are able to perform different tasks when you need more help in different departments.
- **Promote workers from within your business** rather than bringing in people from the outside. This should be a stated policy. When employees know that performing well may result in promotions, they are motivated to do the best job possible. Talk to them about promotions and career possibilities during performance reviews.



ACTIVITY 27

What training and other development incentives do you offer to workers employed in your business?

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In this part, you have learned several ways to encourage your employees to be more productive and consequently be happier in their work. Remember that all of this will help you to improve productivity and earn higher profits.



SUMMARY

- **Staff productivity** is higher if people are motivated by having their needs fulfilled. The first need is to earn enough money to provide for themselves and their family, the second is to have job security and workplace safety, the third is to feel part of a group and work together, the fourth is to be given responsibility and to be rewarded for good work and the fifth is to be able to develop themselves and grow in their jobs. By considering these needs, you can motivate your workers and make them be more productive.
- **Pay decent salaries/wages** which satisfy the basic needs of your workers, ensuring that these payments are in line with national legislation on wages, maternity protection, and other relevant legal provisions. Consider offering other financial incentives to motivate staff.
- Make your workers feel secure and safe in their job. A **safe and secure working environment** makes people more motivated and more productive.
- Encourage **teamwork** and give your workers the opportunity to be part of the team that makes up your business.
- Provide **daily feedback** and **periodically appraise the performance** of your workers in a performance review meeting. Demonstrate the linkage between performance and reward.
- **On the job training** is needed to ensure that your workers perform to the best of their abilities. Additional training may be needed as your business develops and new skills are required.
- When your workers don't know how to do the job correctly, **coaching** is needed. The purpose of coaching is to provide workers with the skills needed to do a better job.
- **Employee development** is crucial to productivity gains and includes:
 - Having workers perform a different job for a short period of time in order to add to their skills and qualifications
 - Promoting workers from within your business, rather than bringing in people from the outside



You have just completed Part V of this manual. Do the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. Step one on the ladder of motivational needs refers to...
 - a. the need to feel part of a team.
 - b. the need for being part of a group and contributing to the business.
 - c. the need for a salary that is sufficient to ensure a decent standard of living.

2. Job security means...
 - a. a job which the employee can keep for a long period of time.
 - b. a full-time job.
 - c. a well-paid and relaxed job.

3. People like to work in a team, because...
 - a. they can share job responsibilities.
 - b. they can become more productive.
 - c. they feel that they are part of a group.

4. When you give feedback to people about their poor performance, you should show them...
 - a. how bad they are.
 - b. which behaviour is inappropriate.
 - c. how much better the others are.

5. Training and development helps people...
 - a. to develop competencies and improve performance.
 - b. to become experts at their jobs.
 - c. to only learn new knowledge and skills.



ANSWERS TO ACTIVITIES

Activity 19

Shop assistant:

- Give a bonus based on the total sales per week, month or year

Hairdresser:

- Give a bonus based on the total number of customers per week, month or year
- Plus give an extra incentive based on those customers who specifically ask for him or her to serve them

Machine operator:

- Give a bonus based on the units produced

Activity 23

Cooks:

- Food quality
- Food presentation
- Number of complaints
- Food hygiene

Wait staff:

- Attitude towards both customers and fellow workers
- Speedy service
- Remembering orders
- Tidy appearance

Cleaners:

- Cleanliness of the restaurant
- Cleanliness of the utensils and other equipment used
- Speed of cleaning

Rewards can include praise and bonuses based on the total amount of sales or the number of customers per week, month and year.

Activity 25

Sweet Cake owner can provide the skills by:

- Inviting someone who has experience to train and coach the employees
- Sending employees to attend training

WORKPLACE AND PRODUCTIVITY

How you set up and manage your workplace will affect the performance of your workers, the productivity of your business, and ultimately the profits you will earn.

1. The link between workplace and productivity

Productivity at the workplace includes all processes and activities of the business. The presence or absence of non-essential materials and equipment cluttering the workspace, the proper storage of materials and equipment, cleanliness and order, occupational health and safety standards and standardization of procedures are all common aspects affecting productivity at the workplace.

ACTIVITY 28



What are the benefits that a safe and healthy workplace brings to your business?

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Remember the need “to feel safe and secure in their work” in the Maslow’s Hierarchy of Needs.

A safe and healthy workplace includes the presence of mechanisms to avoid occupational safety or health hazards in the workplace. Safety hazards include faulty electrical wiring, lack of fire escape provisions, unguarded machinery or equipment with sharp edges, improper storage of flammable substances, etc. Health hazards include the lack of equipment to be held or worn by employees to protect them against dust, high noise levels, fumes, radiation, smoke, etc.

It is also the responsibility of the business to put into place a proper waste management system. This involves the optimal use of resources like raw materials, water and energy, plus providing for proper waste disposal and, whenever possible, recycling waste. These measures protect the employees from any waste related toxins that can damage their health, and they also benefit the environment.

A safe and pleasant workplace brings the following benefits to your business:

- It helps to reduce the rates of injury and illness, resulting in less staff absences, less staff turnover, and consequently less productive time lost, which improves the quality of the work.

-
- It prevents the loss of productive time owing to staff accidents and illnesses, resulting in improved service quality. It also averts customer dissatisfaction and loss of future business.
 - It prevents damage or loss of equipment, materials, or shop facilities.
 - It helps improve the reputation of the business.
 - Along with provisions for access and movement for employees or customers with disabilities, it ensures better working conditions.
 - It enables a business to comply with the legal requirements for workers' safety and also helps in the identification and rectification of situations that are likely to be raised during regulatory inspections.



A business owner who places an emphasis on the conditions of the workplace will have a more productive business.



2. Improving the workplace for higher productivity

Effectiveness is about doing the right things. Efficiency is about doing things right. Productivity is about doing the right things right. It is not just about working harder, but about working smarter. Working smarter also means working more safely. The following sections will describe the steps to undertake to make continuous improvement of productivity.

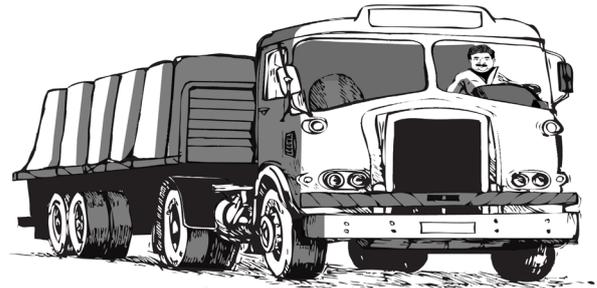
2.1 Describe your current workflow

Start by looking at what you are doing and at how you are working. Make a diagram of the workflow or list the operations in the order they are performed.

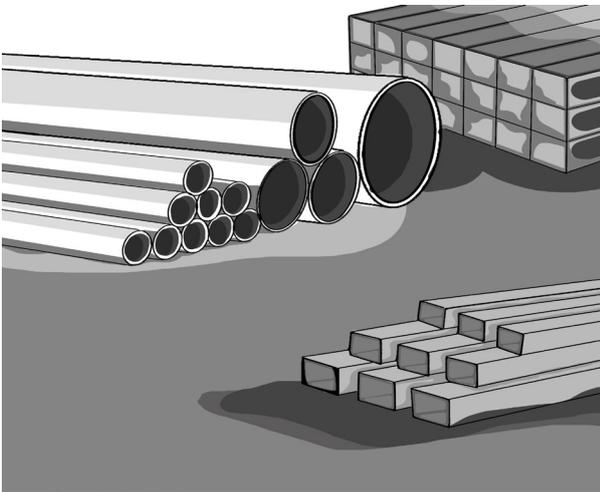
Lungu from *Lungu Metal Workshop* describes the operation of his business as illustrated in the pictures on the next page:



1 - Buy different types of metal from the wholesaler



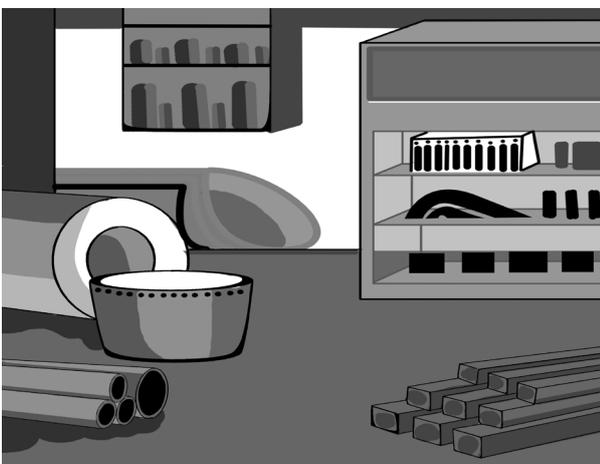
2 - Transport materials to the shop



3 - Store materials until they are needed



4 - Make various carts and tools (each item has a separate workflow)



5 - Display the ready items in the shop and outside



6 - Selling the ready items, taking orders for new items and receiving payment



ACTIVITY 29

How can productivity be improved in each of the six operations? Lungu decides to discuss this in a meeting with his workers and has the following questions for each of the workflow items:

- Workflow item 1: Is our present wholesaler the best one available? Should we change our metal supplier? Which supplier do our competitors use?
- Workflow item 2: Presently, Lungu owns a truck which is used for collecting supplies. He questions whether the business should sell the truck and let the suppliers deliver the materials?
- Workflow item 3: Does our business buy too few or too many raw materials? How can we control the stock better so that business money is not tied up? How can materials be stored safely and in a way that they are more easily accessible?
- Workflow item 4: Is the workstation design comfortable for the employees? Is there a need for any new equipment? Are occupational safety and health standards maintained in each production process? How can the business reduce waste in the production process?
- Workflow item 5: Are the finished products stored and displayed properly?
- Workflow item 6: Is there a change in the sales volume or selling price? Is it affecting our profit? Are we keeping adequate records of costs, credit or cash sales and profits?

How do you think Lungu and his workers decide to improve their current workflow?

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See the answers on page 63.

2.2 Less waste at the workplace = more efficiency at the workplace

Efficiency is the comparison between what is actually produced or performed and what can be achieved, consuming the same amount of resources (money, time, labour, etc.). To be more efficient, you should implement improvements which lead to the reduction of waste in your business. This will increase your productivity.



ACTIVITY 30

One of the measures of increasing efficiency is reducing waste. Make a list of all the waste at your business.

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There are seven common types of waste:

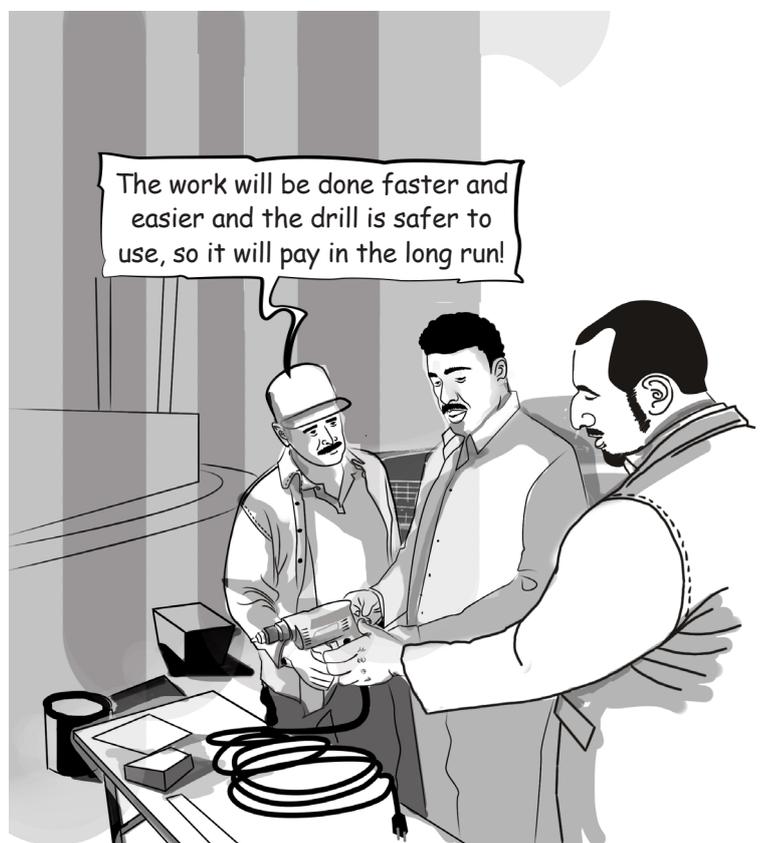
1. **Waste from over-production:** Producing more than what is needed.
2. **Waste of labour and overhead:** High worker and machine idle time.
3. **Waste of processing:** Any operation that does not add value to an item or a service.
4. **Waste of stock:** Any stock in excess of that required to produce the item or provide the service.
5. **Waste due to defects:** All repairs or replacement of products made as a result of customer complaints.
6. **Waste of employee time and energy:** This occurs due to either a lack of skills and/or motivation on the part of the employees, or because employees are having personal problems.

2.3 Material storage and handling

Efficient storage and handling of parts and products ensures that work flows smoothly and helps to avoid many delays and bottlenecks. Poor storage and inefficient transport operations, on the other hand, can cause materials to be damaged or to become old and obsolete before they are used. Improved material storage and handling will free up space, reduce the time spent searching for tools and materials, lower the capital costs and provide a smoother flow of materials through the workplace.

2.4 Choice of equipment

For some types of work, manual labour can be difficult and time consuming. In such cases, using equipment or machines can not only reduce the amount of time taken to create goods or services, but can also reduce waste, improve the quality of the goods and result in better working conditions. Purchasing equipment may be more expensive than employing labour to do the task manually, but if the use of equipment can improve worker safety, then the equipment may be worth more than just the value of the labour cost.



2.5 Workstation design

Most work is carried out at workstations where workers perform the same task many times each day. When analysing the workflow at a workstation, you will note that awkward work posture and unnecessary movement results in lower productivity and quality, as well as greater work fatigue and long-term health problems. Look for simple improvements, such as stable work surfaces or good chairs. Put tools and materials within easy reach. If you have employees with disabilities, make sure that they have the right equipment needed to execute their tasks.



3. Good housekeeping

Good housekeeping practices involve what is normally referred to as the five 'S's:

- **Sort:** The separation of things that are different and the elimination of things that is not necessary.
- **Systematize:** The systematic arrangement of items for easy storage and retrieval. Having a place for everything and having everything in its place.
- **Sweep:** The regular cleaning of the workplace and non-essential materials.
- **Standardize:** Set clear procedures for different work processes so that the employees are aware of their responsibilities.
- **Self-discipline:** The development of an attitude that will ensure that everyone will spontaneously and continuously make the five 'S's a way of life.

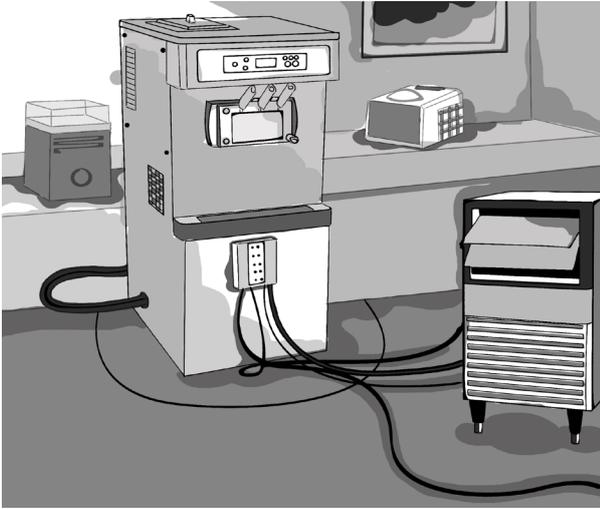


ACTIVITY 31

Using the concept of the five 'S's, analyse the *Sukuma Cycle Shop*:

1. Is this an efficient workplace? What is your opinion?
2. Do you think it can be turned into an efficient workplace? If so, how?

health issue. The following illustrations depict some of the common causes of accidents and long term health damage that workers are exposed to in businesses:



1. Uncovered electric cables on the floor can electrocute workers and paralyse them for life.



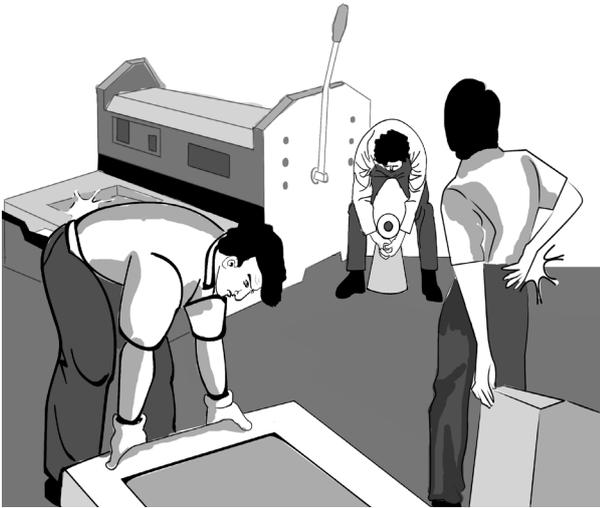
2. Unguarded machines can increase exposure of its moving parts and increase the possibility of accidents.



3. Not providing welding helmets exposes the workers' eyes, faces and necks to flash burns, heat, and ultraviolet and infrared light. Adequate hand protection, such as gloves, should always be provided, as hand injuries are very common.



4. Electric cable on a wet floor can lead to short circuits and fire at the workplace, causing fatalities.



5. Manual hoisting and moving of heavy objects, instead of providing the right equipment for minimizing handling, will expose workers to joint and muscle problems in the long run.



6. Lack of proper storage of chemicals can result in their leakage and expose workers to adverse health effects, such as radiation, lung and skin damage.

To reduce the likelihood of accidents and illnesses in your business, pursue the following steps:

Step 1: Plan to prevent accidents and illnesses at the workplace - The prevention of accidents and illnesses is the most efficient way to maintain a safe workplace. This involves the following:



- **Do maintenance on the equipment regularly.** Poorly maintained machines are hazardous. Without proper maintenance, parts could come loose, protective guards could become ineffective, the machines might generate a lot of fumes and smoke, and the operation of the machine can cause accidents or long-term health damage to the employees.

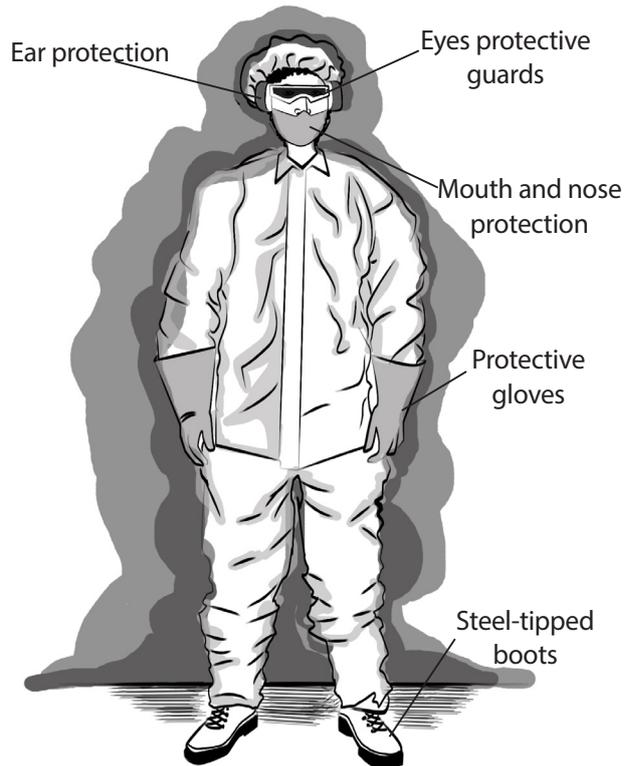
- **Improve workstation design and limit exposure to hazardous materials.** This can be done by setting conditions governing the design, construction and layout of the workstation. Ensure that the procedures defined by the competent authority are enforced. It is important that the business owner identifies work processes, substances and agents which are to be prohibited, limited or made subject to authorization, taking into

consideration the possibility of exposure to several substances. All containers with such items should be labelled.

- **Provide protective equipment without any cost to the workers and make sure that the workers use it correctly.** This includes special clothing and devices used to protect the workers from hazards such as dust, smoke, fumes, chemicals, or high noise levels which can cause health problems in the immediate or

near future. These safety devices also protect the workers from injuries.

- **Train your workers to work safely.** Every worker needs to know how to recognize safety hazards, to be able to report them to management and to know what to do in an emergency. This is an essential part of every worker's training.
- **Organize your workers to work safely.** Ensure that work organization, particularly with respect to hours of work and rest breaks, does not adversely affect the health and safety of workers. Working long hours is tiring and increases the risk of workers making mistakes. It also causes physical and mental fatigue which might result in health problems for the workers. Rotation of work within a team helps to avoid stressed and tired workers; a recipe for preventing accidents and illnesses.



Step 2: Carry out regular safety inspections - A safety inspection is a review of the workplace to identify any hazards or unsafe working practices and conditions. In a small business, this may regularly be accomplished by the owner and should be done daily. The owner should ask the workers if there are any issues or if they have suggestions to make about the safety of the workplace.

Step 3: Correct problems immediately - When hazards and unsafe working practices are identified, they should be corrected immediately. This will reduce the risk of accidents or health problems and increase worker motivation.

Step 4: Have a plan of action for treating accidents or illnesses - Unfortunately, accidents or illnesses can occur despite taking all the precautions. It is the responsibility of the business owner to make sure that first-aid is available and that the workers are taught what to do in an emergency. Here are some questions you should ask yourself:

- Do your workers know what to do if there is a fire in your workshop?
- Do you have a first-aid kit to treat minor injuries or illnesses?
- How far is the nearest doctor or hospital? What is the address and telephone number?
- Is your business insured for damage?
- Are your workers insured for personal injury or illness?



ACTIVITY 32

In a workshop with five employees producing wooden furniture and using hand tools and electric machines: Name the five safety measures that you consider to be the most essential.

1.
2.
3.
4.
5.

See the answers on page 63.

ACTIVITY 33



Consider the four steps necessary to create a safe workshop. Prepare a list of actions that you could take to make your working environment safe. What are the most important safety measures? Have you taken these measures?

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This part has dealt with the workplace and what you can do to improve productivity by creating better working conditions and by introducing measures to help prevent accidents and illnesses. However, a safe workplace only creates a good physical environment for the workers. In the next part, we will discuss how workplace culture can create a good working environment, boost worker morale and promote productivity.

SUMMARY



- **A safe and efficient workplace results in happier workers** who do better work, and have higher productivity.
- **Productivity is about doing the right things correctly.** It is not just about working harder, but also about working smarter. To do this in your business, describe or illustrate your workflow, analyze each operation, identify obstacles, and look for ways to make improvements.
- Good housekeeping practices involve what is normally referred to as the **five 'S's**: Sort, Systematize, Sweep, Standardize and Self-discipline.

-
- **A safe work environment helps to prevent accidents** that stop performance and negatively affect worker motivation. It minimizes the causes of accidents, unsafe physical conditions and bad work practices.
 - **To reduce the likelihood of accidents and illnesses** in your business, follow the following steps:
 - Step 1: Plan to prevent accidents and illnesses at the workplace
 - Step 2: Carry out regular safety inspections
 - Step 3: Correct problems immediately
 - Step 4: Have a plan of action for treating accidents or illnesses



ASSESSMENT 6

You have just completed Part VI of this manual. Do the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. A safe and healthy workplace means...
 - a. a nicely decorated place.
 - b. a workplace with minimal occupational and health hazards allowing workers to be productive.
 - c. a place where people can do whatever they want.

2. Good housekeeping refers to...
 - a. ensuring that the workshop is well kept and all materials are tidy.
 - b. the separation and elimination of all things that are not necessary.
 - c. maintaining an efficient and productive workplace.

3. Accidents may be caused by...
 - a. hazards only.
 - b. working practices only.
 - c. hazards and working practices.



Activity 29

1. Lungu decides to conduct market research and make inquiries about other wholesalers operating in the market.
2. Lungu needs to analyse the current cost of delivery using his own truck and compare that with the cost of delivery by the supplier. He will also look into the possibility of using his truck for other operations.
3. Lungu will analyse how much raw material his business uses per week and per month. After that, he will consider whether he should make smaller or larger purchases and how much the transport will cost if smaller purchases are made.

For material storage, he will consider renovating the existing space and constructing a shed for protection from the rain and heat, rather than building a new storage room if the latter is more costly.

4. Lungu gets feedback from his workers and realizes that he needs to expand the workspace, which he can do by clearing the area of non-essential materials. He also needs to provide more safety equipment to his workers, such as the much needed eye protective gear. Green technology needs to be incorporated to reduce waste.
5. Lungu already has descriptions and price labels on his products. However, he will need to sort and display similar products together so that they can easily be found.
6. Lungu finds that he already has concise and updated records of costs, sales and profit. He does not need to make any changes in record keeping.

Activity 31

1. It is not an efficient workplace because it is untidy: The non-essential items have not been sorted from the essential items and are lying on the floor, plus the products are not stored properly so there is not enough workspace to do the repairs.
2. The workspace can be made efficient by cleaning up, discarding anything that is not necessary, arranging workbenches and placing tools logically and in a proper order.

Activity 32

1. Machines and tools have proper protection shields.
2. Electric cables are not exposed.
3. Workers have proper safety equipment.
4. Fire extinguishers and a first-aid kit are readily available.
5. All workers have been taught safety procedures.

WORKPLACE CULTURE AND PRODUCTIVITY

Your workers spend many hours at the workplace. A comfortable workplace culture can make your workers more efficient and productive.

Workplace culture is a combination of visible and non-visible components. Visible components include the physical arrangement of your business and the dress code of your workers. Non-visible components include the values, code of conduct, principles of your business and the relationship between workers and supervisors.

Normally, the business owner is the person who creates, defines and refines workplace culture. Therefore, workplace culture usually reflects the personality and management style of its owner. You should make sure that the workplace culture in your business:

- Promotes your business growth
- Focuses on customer satisfaction
- Makes people feel comfortable doing their jobs
- Promotes productivity

1. Business values

Business values are important beliefs and ideas that are shared and committed to by all the people in your business. These values will have an influence on employee behaviour and serve as a guideline for all situations at the workplace.

Different businesses have different values, depending on the purpose of the business. Business values which can be applied to every business are loyalty, commitment, integrity, accountability and respect for the individual. Values specific to different types of businesses might be innovation and continued improvement for a production company, outstanding customer service for a service business, creativity for a design and art business, community service for a charity business, etc.



A business owner needs to decide what values are the most important for the business and should communicate those values to the workers. He or she needs to lead by example and should use these values in the daily operation of the company. For instance, if you decide that outstanding customer service is a core value of your business, you should require that your workers always provide excellent service to customers and you should use customer satisfaction as an important criterion for performance evaluation.



ACTIVITY 34

What are your business values and how do you communicate them to your workers?

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2. Code of conduct

Descriptions of business values are usually very short and general.

The code of conduct is the set of behavioural rules that workers should follow to ensure that the business values are reflected in every activity at the workplace. In other words, the code of conduct is a detailed description of the business values. For example, one of your business values is excellent customer service. You may stipulate that value in the code of conduct by telling your staff to respect customers and listen to their feedback.



A clearly defined and closely monitored code of conduct should prevent your business from violating laws and make it a work place where employees feel comfortable about being ethical.





Create a code of conduct from the business values that you have defined in the previous activity.

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Here are examples of the code of conduct:

- All people are treated with the same amount of respect, regardless of their race, religion and culture. Discrimination and harassment in any form will not be tolerated.
- Innovation and creativity are encouraged. Do not criticize anybody's ideas.
- Rule number one: Customers are always right.
- Everything we do should lead to the goal of increasing productivity.
- Waste is our enemy. Conservation is our friend.

Usually, as a business owner, you are responsible for creating the code of conduct. But it would be more effective if you involve workers in the creation of the code. In this way, your workers will not only understand the code, but will be more responsible for its practice.

If you create the code of conduct by yourself, you should make sure that all your workers understand its principles. One of the best ways to communicate the code to the workers is through training.

3. Non-discrimination

A good workplace culture is a culture in which there is no discrimination.

Discrimination occurs when one person or a group of people are subjected to unfair treatment based on race, skin colour, sex, sexual orientation, religion, age, disability, or ethnicity.

Such unfair treatment creates dissatisfaction among the staff, and may lead to either a diminishing motivation to do a good job, or to them leaving their jobs in exchange for fairer treatment in another workplace. To ensure that you retain your workforce and that you keep your workers motivated, make sure you are treating everyone fairly.

Discrimination can occur in recruitment, job assignments, work schedules, compensation, benefits, and promotion. Here are some examples of discrimination:

- Hiring and promoting only men and failing to give equal opportunities to women to obtain jobs and to access training and other career development measures
- Terminating the contract of a female worker because she is pregnant
- Terminating the contract of an HIV/AIDS infected employee

- Compensating a disabled person at a salary lower than others who perform work of the same value
- Giving more benefits to a family member who works in your business
- Showing favouritism to people who are the same race as you

To make sure equal treatment becomes and remains a reality in your business, it is useful to codify the business' commitment to equality into one or more written documents (such as a policy or code of conduct), and to involve your staff in monitoring its implementation.

Note that positive action, i.e. action taken to remedy unequal situations which have arisen from past discrimination, does not constitute discrimination. For example, encouraging women to apply for a job or for a position on a company's all-male board would not be discrimination.



Discrimination has a negative impact on workers and increases turnover, which reduces productivity. Moreover, discrimination is illegal and, therefore, may cause you to spend a lot of time and money to settle a non-discrimination lawsuit.



ACTIVITY 36

Review all the activities in your business. Is there discrimination? How can you remedy it?

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4. Engaging in dialogue with your employees

Officially registered workers' unions or more informal groups act as intermediaries between business owners or managers and workers. A union or group can be the link between owners and workers who wish to contribute ideas or offer feedback about policies or treatment at the workplace.

The right of employees to join an association or union is a basic human right that should in all cases be respected, and their membership in a union or activities carried out as part of their union membership should never give rise to discriminatory treatment.

In cases where unions or other official bodies that represent workers do not exist, business owners and managers should keep in mind the benefits of dialogue with employees and make sure that there are other avenues for employees to convey their needs, concerns or opinions to the management. For instance, they can schedule regular meetings between management and employees, suggest that the employees meet to discuss their experiences and views in private and then appoint a spokesperson to share those ideas with management, or ask for feedback or ideas anonymously through suggestion boxes or feedback forms. When you ask for feedback or suggestions, be sincere. Make sure you show your staff that you have seriously considered their contributions and be open about what action you can or will realistically take on the basis of the suggestions.

5. Managing conflict

When conflict occurs, people are disturbed, time is wasted and productivity decreases. If you ignore conflict, relations between the workers become strained and your business suffers. Therefore, managing conflict will improve morale and productivity.

There are several causes of conflict in the workplace:

- **Miscommunication:** This is a frequent cause of conflict, which might occur because of insufficient or incorrect information, or rumours that can result in misrepresentation of reality. To eliminate this, you should regularly communicate with staff about the status of the business and the reasons for the decisions that you make. Also, you should always be available to address their concerns.
- **Unclear roles and responsibilities:** Uncertainty about the roles and responsibilities of workers, supervisors and managers creates conflict. This is because tasks that are not clearly defined can make people feel that their co-workers are infringing on their responsibilities. This type of jealousy and anger does not occur when there are clearly defined roles and responsibilities within your business.
- **Personality differences:** People have different personalities. Some people are open and friendly, while others keep to themselves and seem aloof. If people do not accept the different personalities of their co-workers, conflicts occur. To prevent this type of conflict, you should train workers to be accommodating and work cooperatively.





ACTIVITY 37

There is a conflict between an experienced, but slow worker and a new, but more active worker in your workplace. What would you do to manage this conflict?

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See the answers on page 72.

When a conflict between your workers occurs, handle it with the following steps:

1. Take the conflicting parties aside and speak with each of them separately.
2. Give each party a chance to explain the situation. You should listen to their explanations independently.
3. Analyse the situation and determine the root cause of the conflict.
4. Decide on the best way to solve the problem in order to satisfy all the parties involved. For example, if two workers are not comfortable working together, you might assign one of them to work another shift or with another team.
5. Follow up to make sure that the root causes are eliminated and the conflict does not reoccur.



ACTIVITY 38

Has conflict ever occurred at your workplace? How did you solve it? Were the workers happy with the solution?

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So far, you have learned how to create a safe workplace and a workplace culture that creates a productive working environment. In the next part, we will discuss how it also pays to look after employees who are in trouble.

SUMMARY



- The ways that people do their jobs, serve customers, communicate and interact with each other are aspects of the **workplace culture**. A comfortable workplace culture can make your workers more efficient and productive.
- **Business values** are important values, beliefs and ideas that are shared and committed to by all the people in your business. These values will influence all behaviours and serve as a guideline for all situations in the workplace.
- **The code of conduct** is a concrete description of the business values. It is a set of behavioural rules that workers should follow to ensure that the business values are reflected in every activity at the workplace.
- A good workplace culture is a culture in which there is **no discrimination**. This means treating everyone equally. In addition to equal treatment, a workplace can also practise equitable treatment, which may mean providing extra incentives or support to persons who have suffered from discrimination in the past.
- Engaging in **dialogue with your workers** and respecting **freedom of association** and their right to organize does not only make your workers happy but also helps you to communicate and to create better relations with them.
- **Conflict** may occur when people work together. When conflict occurs, people are uncomfortable, time is wasted and productivity is diminished. Therefore **managing conflict** will improve morale and productivity at the workplace.

ASSESSMENT 7



You have just completed Part VII of this manual. Do the exercise below to check your understanding. Finish the exercises before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. Workplace culture presents the way that...
 - a. people work together.
 - b. people interact with customers.
 - c. people do the job, serve customers, communicate and interact with each other.

-
2. Business values are important beliefs and ideas that should be...
 - a. shared and committed to by all the people who work in the business.
 - b. created and kept by the business owner.
 - c. created by customers.

 3. The code of conduct tells the people in your business...
 - a. how they should treat customers.
 - b. what they should do and shouldn't do.
 - c. how they should communicate with each other.

 4. Discrimination occurs when...
 - a. someone is given a favour because he or she performs well.
 - b. one person or a group of people are subjected to unfair treatment.
 - c. compensation rates are different for different jobs.

 5. One cause of conflict is that...
 - a. people are unclear about their roles and responsibilities.
 - b. people receive different salaries for different jobs.
 - c. people do the same jobs.



ANSWERS TO ACTIVITIES

Activity 37

You can manage the conflict by taking the following steps:

1. Listen carefully to the explanation from each side
2. Analyse the advantages and disadvantages of each side
3. Talk to the conflicting parties about how to work together so that the advantages of one side can compensate for the disadvantages of the other. For example, experience is an advantage of the older worker, while enthusiasm and drive is an advantage of the younger employee. If they can work together, their mutual advantages will translate into higher productivity.
4. Follow up to make sure that conflict does not reoccur

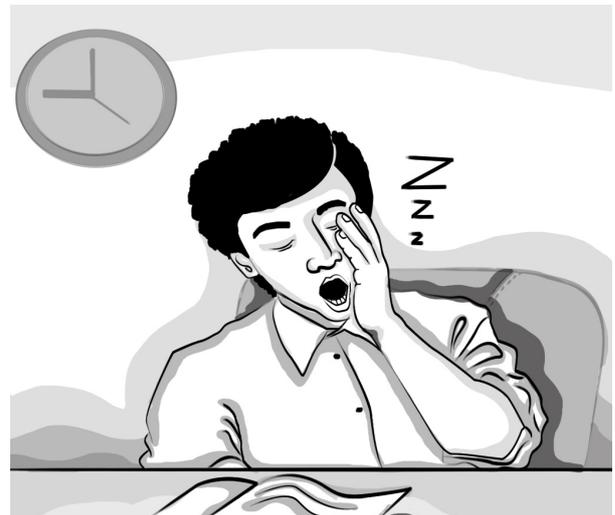
MANAGING EMPLOYEE COMPLEXITIES

1. Do we have a problem?

Two of your staff members are not doing as well as they used to.



Nicolas – smelling of alcohol, late from lunch breaks, leaving early, taking days off without prior notice.



Henry – coming in late, absenteeism on Mondays, calling in sick, sleeping on the job.

We all have problems. But sometimes the problems of an employee are serious enough to affect his or her work performance. When this happens, he or she is considered a **troubled employee**. The most common problems experienced by employees are:

- Family and personal difficulties, including financial, marital and health problems
- Alcohol and drug abuse, often developed as a result of other problems

When you realize that one of your employees is disturbed, you are probably annoyed and uncertain about what to do, wishing the problem would just go away. Perhaps your first impulse is to dismiss the employee. But don't take the easy way out.

“

Problems seldom disappear by themselves. Realize that employees sometimes have personal problems and that you should try to help them.



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2. Identifying the problem

How will you know if one of your workers has family problems, is suffering from alcohol or drug abuse, or has developed AIDS? Some of the indications that an employee is troubled include:

- **Job performance:** Increased absenteeism, declining job performance, wasting time while on the job, prone to accidents and injuries, disregard for safety, unstable work patterns.
- **Health:** The employee is often sick; he or she does not eat at regular intervals and has poor concentration.
- **Physical appearance:** Untidy physical appearance, physical signs of drug use or constant hangovers from alcohol abuse, unwashed hair and clothing, body odours.
- **Emotions/feelings:** Unusually sensitive to advice, resentful of criticism, argumentative and aggressive, irritable and nervous, moody, uncaring attitude, a change in personal values and beliefs, passive and/or unresponsive.
- **Social habits and relationships:** The employee is visited at the workplace by new 'friends'; he or she leaves work to go to places where illicit drugs are available, avoids interaction with supervisors and work mates, is less communicative, has increased conflict with others and always has excuses for not performing well.
- **Financial:** Borrows money from people, constantly receives phone calls from people to whom he or she owes money and asks for salary advances.
- **Family:** The employee has family problems, such as fights between family members, separation from his or her spouse, divorce, or physical abuse by a spouse or parent.
- **Legal:** The employee is arrested for drunken driving or illegal drug use or exhibits aggressive or violent behaviour which results in legal actions or court cases.





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HIV/AIDS is a big problem in some countries. It is a workplace issue and should be treated like any other serious illness/condition in the workplace. This is necessary not only because it affects the workforce, but also because the workplace, being part of the local community, has a role to play in the wider struggle to limit its spread and effect. You should read any available literature and take courses on this issue.

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ACTIVITY 39

What do you think are the five most common reasons that an employee is troubled?

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See the answers on page 81.



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Be aware of the symptoms and indications of a troubled employee at your business.

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3. Dealing with problems



ACTIVITY 40

You have recognized the signs. You have a troubled employee. So how do you deal with the problem in such a way that your employee resolves the problems and your business and productivity are not affected?

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The following guidelines may help you to achieve both of the above objectives:

Get your facts. Prepare your case

- Pay attention to changes in job performance and behaviour
- Establish that the work performance of the employee has fallen below the standards you have set
- Record the incidents of performance and attendance problems (what has happened? how has it happened? when did it happen?)

Discussing the problem and seeking solutions

First, ascertain the degree to which you are entitled to receive and act upon confidential information. This is particularly relevant for health related troubles, including HIV/AIDS. Inform the employee of the extent to which you will disclose the information to others, for legal reasons. In the case of HIV/AIDS, job applicants or workers should not be obliged to reveal HIV-related personal information. Access to such information should be strictly limited to medical personnel and such information may only be disclosed if legally required or with the consent of the person concerned.

Then:

- Discuss the performance problems with the employee when they occur
- Explore ways to solve the job performance problem. Insist that the employee must improve



-
- Offer to help to identify the underlying problem, but recognize the pitfalls in taking on the role of a counsellor
 - In case there are personal problems or health related issues, refer the employee to any community resources, counselling services or affordable health services that may be available

Acting on the problem

- Solidarity, care and support should guide the management of employees who are facing problems.
- Take disciplinary action if it is required by company policy, but make sure it is legal. Note that as with many other health conditions, HIV infection is not a cause for termination of employment. Affected persons should be able to work for as long as they are medically fit to execute tasks.
- Refer the employee to relevant community resources for assistance. For health related issues, particularly HIV/AIDS, employers can encourage the workers to either take counselling outside the enterprise, or if the company has an occupational safety and health unit, with a company counsellor.
- Reach an agreement with the employee on a plan to resolve the problem.
- Put the agreement in writing and have it signed by both parties.
- Implement the written plan according to the terms of the agreement.

Providing follow-up and support

- Stick to the terms of the written agreement
- Support the employee with open communication
- Continue to evaluate the changes in job performance
- Keep in contact with relevant referral resources for feedback on any progress
- Provide counselling

In dealing with complexities related to employees, mechanisms should be created to encourage openness, acceptance and support for those workers who disclose their personal problems, especially their HIV status and ensure that they are not discriminated against nor stigmatized.

ACTIVITY 41



The newly married employee of *Hair and Beauty Salon* tells the owner that she is regularly beaten by her husband when he comes home drunk. She doesn't want to go to the police as she thinks this will make it worse. Meanwhile, her job performance is suffering, she does not complete her assignments on time and she cannot concentrate. The owner of *Hair and Beauty Salon* is worried about the health of her employee and also concerned that she may have an accident if she does not concentrate on her job.

What would you advise the owner of *Hair and Beauty Salon* to do?



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See the answers on page 81.

4. Preventative measures

You can help your employees by taking preventive actions to deal with problems from which they could potentially suffer.

Code of conduct: You can prepare a small pamphlet welcoming employees to your business and spelling out the rules of the workplace. It should be positive and include sections on dress code, behaviour, attitude, safety and health. It would be good to include HIV/AIDS information, the extent to which the owner or manager can help with personal problems, plus the addresses of counselling centres.





Staff meetings: You may arrange staff meetings or training and information events which focus on the problems of troubled employees, such as alcohol and drug abuse, child abuse, HIV/AIDS, violent spouses and personal financial issues. You might also send your staff to participate in community meetings where these issues are discussed.

Make yourself available: Sometimes problems can be averted if the employee in question has someone to talk to. In some cases that person may be you; the owner or manager of the business. Some troubles may be averted if you make yourself easily accessible and the workers are not afraid or shy to talk to you.



ACTIVITY 42

You have probably experienced a troubled employee, or perhaps you currently have one employed in your business. What did you do in the past or what do you intend to do now?

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In this part you have learned to deal with employees with complexities and you have been taught that paying more attention to your staff will help your business to prosper. In the final part, you will learn that good relationships with people who are not necessarily connected to your business will also benefit your economic performance.



SUMMARY

- Your employees may have problems that affect their work performance. When this happens, they are considered to be **troubled employees**.
- Being responsible for the productivity of his or her business, the employer **should be able to deal with troubled employees** in a way that helps the employees and keeps the business productive.
- **Learn to read the signs** that indicate that you may have a troubled employee working in your business.
- **Deal with the problem** by: 1) recognizing that the employee is troubled, 2) discussing the problem with the employee and seeking solutions, 3) acting on the problem, and 4) providing follow-up and support.
- Avoid the problems related to troubled employees by taking **preventative action**, by making a code of conduct, by providing training and information about how to deal with common problems and by being easily accessible to employees so that they can discuss their problems with you.



ASSESSMENT 8

You have just completed Part VIII of this manual. Do the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. 'Troubled employees' is a term used for...
 - a. employees who always make trouble in the workplace.
 - b. employees who have a tendency to get into trouble wherever they go.
 - c. employees with personal problems that negatively affect their work.

2. The first step in dealing with a troubled employee is...
 - a. acting on the problem right away.
 - b. asking if he or she needs any help.
 - c. observing and identifying any changes in job performance and behaviour.

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3. To prevent problems of troubled employees, you should...
 - a. tell them to never bring their personal issues into the workplace.
 - b. be available to listen and talk to them about their personal problems.
 - c. tell them to solve their personal problems at home before going to work.

ANSWERS TO ACTIVITIES



Activity 39

The reasons for troubled employees:

- Financial problems
- Emotional problems, depression
- Drug or alcohol addiction
- Health problems
- Family problems, unhappy marriages or partnerships

Activity 41

Dealing with problems:

- The owner should communicate her concern for the employee's safety. She should be open to listening to the employee's problems and be clear that her role is to try to help and not to judge.
- The owner should try to get the employee to go to a counselling service and/or to the law enforcement agency for domestic violence to seek help, and also encourage her to concentrate on the work and the customers.

BUSINESS RELATIONS AND PRODUCTIVITY

1. What about these people?

The relation between people and productivity goes beyond those people who are working directly for you. It relates to all the people who are in contact with your business. Good external relations and a good reputation can help a business attract more customers, more investors, good suppliers, good employees and will result in higher profits. Good relationships with key individuals and institutions in the community also promote the development of your business.

ACTIVITY 43



Which external relations are important to your business? Make a list.

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The following agencies and groups of people are very important to your productivity. In this part, we will discuss them and identify why they are important:

- Customers
- Suppliers
- Competitors
- Your family
- Your neighbours and the community
- Government agencies, business associations, training institutions, trade unions, financial institutions



ACTIVITY 44

Sukuma Cycle Shop employs eight workers, builds a small range of cycles and does some repair work. The business is located 40 kilometres from the city, where half of its products are sold to retail shops. The other half is sold to a business in a neighbouring town. A buyer from that business visits the shop every month. The buyer is always very specific about what he wants and pays promptly on delivery.

Buyers from the city retail shops come to *Sukuma Cycle Shop* when they want to make a specific order. Lately sales to the city retail shops have become erratic and unreliable. On a visit to the city, Sukuma noticed that all the retail shops selling his cycles also sold cycles supplied by other workshops.

Most of the metal and other parts used for producing the cycles at Sukuma's shop are bought from a dealer in the city. This is not a problem. But maintaining his welding and metalworking machines is difficult because he has to depend on unreliable suppliers for spare parts.

Waste is also a problem for *Sukuma Cycle Shop*. Every month, the shop's employees dump waste and used parts in a nearby field. The manufacturing process is dusty and noisy, which sometimes results in complaints from neighbours.

1. Identify the external relations that the *Sukuma Cycle Shop* might have.

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2. What advice would you give Sukuma with regards to his external relations?

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See the answers on page 94.

2. Customer relations

Customers are essential to any business. Without customers there will be no revenue and the business will fail.

Customers will most probably come from the same community as your workers. Their family and friends may even be customers.

Therefore, it is helpful if your workers also witness that the business has a good relationship with its customers.



Some important advice and information about customers:

- Satisfied customers usually return to do business with the company or store again and are likely to recommend the business to their family and friends.
- Dissatisfied customers tell their family and friends about their bad experience and advise them not to patronize the business.
- It takes more effort to find a new customer than it takes to keep an existing one.
- Losing a customer is not just losing the value of an individual sale. It is a permanent loss which may include the loss of other potential customers.
- Some unhappy customers will complain, but others will not. When a customer complains, he or she is giving the business a chance to make things right.
- When a customer's complaint is dealt with correctly and the customer is satisfied with the response, that customer will usually return to do business with the establishment again.

ACTIVITY 45



Jane has a small pottery business. She sells to foreign buyers as well as to local shops, tourists and people passing by. She visits some major customers, but most of her customers come to her shop, where their first contact is with her two shop assistants. Pots are arranged in a disorderly manner and shop assistants are very passive to the customers' needs. She wants to improve customer relations.

1. How can she improve relations with her local customers?

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2. How can she improve relations with her foreign customers?

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3. How should she improve things in the workshop when customers arrive?

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See the answers on page 94.



ACTIVITY 46

Do you have a good relationship with your customers? How do you know? Are these relationships contributing to higher sales?

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To learn more about your customers and how to build and maintain a good relationship with customers, you should study the IYB MARKETING MANUAL.

3. Relations with suppliers

Establishing and keeping good relations with your suppliers means that you will receive good quality supplies and on time, have a higher productivity and earn more profit.

Some important information and advice about suppliers:

- Like any business, the suppliers want to keep good customers. They seek to do this by providing good service and quality goods.

- Suppliers are a good source of information about business trends. They know about new products, possible material shortages and price rises.
- Equipment suppliers can help with good after-sales service and offer good advice and regular supplies of spare parts.
- Maintain good relations with suppliers by placing your order early, by properly displaying his or her goods, and most importantly, by paying on time.
- Keep checking to make sure that your suppliers are offering the best value for your money. Providing feedback on their products may result in better quality products being provided, better prices for the products and better conditions being offered.

ACTIVITY 47



Sukuma uses mostly metal supplies to produce his bicycles. However, he also needs tyres, inner tubes, saddles and other non-metal items. For these products, he usually shops around for the cheapest prices and buys from different suppliers.

Is this a good approach? If it is not, then why is it not good?

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See the answers on page 94.

ACTIVITY 48



How are your supplier relations? Do you get the best deals possible? Can they be improved by developing better relations?

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See the IYB BUYING AND STOCK CONTROL MANUAL for the purchase of supplies and managing your suppliers.

4. Your family

Your family is also an important business contact. Consider these points:

- Members of your family may provide you with the capital needed to start or expand your business, or guarantee bank loans for the needed capital.
- Some of your family members may work for you and others may be your customers.
- Family members may help you to contact important customers and suppliers.
- Your family is important in providing the moral support needed to start and improve your business.

To benefit from your family relations, you should remember this advice:

- Tell your family members that you want your business to be self-sustainable and that you do not want to rely on family support forever.
- Make sure that your family understands that the business is yours and that, although their advice is important, their influence on business decisions is limited.
- Separate the money that belongs to the business from your own money and that of your family.
- If you employ family members, treat and pay them the same as any other member of your staff.

If you maintain good, constructive relations with your family, you can be assured that they will be good ambassadors for your business. This will help you to achieve improved productivity and higher profits.

5. Your neighbours and your community

Your business operates within your community. The following is important information and advice about community relations:

- People living in your community may be customers and may either recommend your business or discourage their friends from supporting your business.
- People will form a negative opinion of your business if it is damaging the environment.
- Providing good jobs increases the income for the people in your community. This leads to greater purchasing power, more customers and satisfied employees.





Being a good neighbour is good for your business.



ACTIVITY 49

1. What can make a business a good neighbour?

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2. What can make a business a bad neighbour?

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See the answers on page 94.



ACTIVITY 50

Sukuma Cycle Shop has a large stock of second hand parts, which are often displayed on the pavement. Sukuma is aware that this does not make him popular with his neighbours and the pedestrians, but thinks that his business must come first.

1. What risks might he be taking?

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2. What might be the cost of his attitude?

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3. What would you advise him to do?

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See the answers on page 95.



ACTIVITY 51

How good are your relations with your neighbours? How can you improve the relations?

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6. Competitors

Often your competitors live in the same community. This is a good reason for keeping good relations with them. In addition, consider this:

- Your competitors also want their businesses to succeed. You can learn a lot from them by analysing how they operate.
- Businesses of the same type are often located on the same street, which helps customers easily find what they need, brings them to your street and encourages competition as well as cooperation between the businesses.
- Competitors may find that the only way to fill a large order is to work with other similar businesses.
- Competitors may get a quantity discount by joining together to place a large order. In other words: Cooperate in order to compete in the overall marketplace.
- Competitors may agree to change their stock range, so as to serve slightly different needs or markets. This would be advantageous to both businesses.



Be careful not to involve your businesses in price fixing or joining together to reduce competition. These practices are illegal.



7. Other support institutions

A business owner must be aware of the conditions of trade union agreements and must conform to the laws of the country in which the business is operating. There are several laws and standards that may affect your business:

- Laws that don't allow child labour
- Laws regarding safety and health arrangements in the workplace
- Laws dealing with employment, discrimination and working conditions
- Laws to protect the environment, including laws regarding the proper handling of hazardous products
- Laws about paying taxes and purchasing licences
- Laws regarding competition
- Sector specific standards

You need to know the legal standing of your business. You don't need to know the details of all laws and regulations, but you should have a

good knowledge of those that directly concern your business. Good relations should therefore be maintained with government agencies and trade unions in order to know exactly what should be done to comply with the relevant regulations. Once such relations are established, they can become a source of valuable information and advice and may help you to save both money and time.

There are different types of business associations: The owner of a business may find that it is advantageous to be a member of one or more business associations. Through these associations, you will be able to voice your concerns and possibly to influence government policy decisions.

Good relations should also be maintained with financial and technical training institutions, as they are an excellent source of skilled workers.



ACTIVITY 52



Lungu Metal Workshop employs eight workers. The workers do the heavy work. Lungu supervises the workers, does the more intricate work, makes sure the quality of his products is maintained and attends to the customers. His sales are good, so Lungu is planning to expand his business. In order to do so, he needs to find more reliable suppliers, recruit skilful workers and possibly take a loan from bank.

How can better relations with support institutions help Lungu's business and its expansion?

See the answers on page 95.



ACTIVITY 53

Which institutions affect your business? How can you improve relationships with other support institutions to access their services?



SUMMARY

- The relationship between people and productivity goes beyond the relations with people working directly for you. It includes **all the people that are in contact with your business**. Customers, suppliers, your neighbours, the community, your competitors, government agencies, business associations, and training institutions are all important groups with which you should keep a good relationship.
- Without **customers** there will be no revenue. Good relations with customers are of the utmost importance.
- **Suppliers** are essential to your business as they deliver the goods and materials you work with and/or sell to your customers. Keeping good relations with suppliers helps to maintain steady supplies of good quality products at a good price, and therefore higher productivity and profit for your business.
- **Your family** is also an important business contact. If you maintain good, constructive relations with your family, you can be assured that they will be good ambassadors for your business.
- Businesses that degrade **the neighbourhood** and cause problems for the neighbours will increasingly face problems. No worker wants to work for a business that is unpopular with neighbours. Businesses that care about the impact they have on the neighbourhood will enjoy the support of their community.
- It pays to keep good relations with **competitors** in your community. You need to cooperate in order to compete in the marketplace. There are several things that similar businesses can do together that can benefit of all of them.

- All businesses operate within a regulatory framework. Non-compliance can result in the closure of the business. **Government** and **trade union** officials and agencies can provide useful information and advice on cost effective ways to comply with regulations. There are also benefits to joining business associations and keeping in contact with relevant training institutions. Of course, good relations with banks are very important to your business.



ASSESSMENT 9

You have just completed Part IX of this manual. Do the exercise below to check your understanding. Finish the exercise before comparing your answers with those on page 103.

Which one is correct?

Circle the correct or best ending for each sentence.

1. To maintain a good relationship with suppliers, you should...
 - a. contact them every day.
 - b. visit them regularly.
 - c. pay them on time.

2. A business can be a good neighbour by...
 - a. taking care to minimize waste and to dispose of it responsibly.
 - b. always greeting people.
 - c. giving gifts on holidays.

3. Good relations with competitors are important because...
 - a. otherwise they will not be interested in selling their goods to you.
 - b. you can help and learn from each other.
 - c. they would want to share the market with you.



ANSWERS TO ACTIVITIES

Activity 44

1. *Sukuma's Cycle Shop* has good relations with buyers and metal parts suppliers from the neighbouring town. Relationships are not quite developed with buyers and suppliers of spare parts in the city. The relations with people in his village are not good.
2. It would help Sukuma's business if he developed better personal business relations with the buyer from the neighbouring town and the shop owners in the city. In order to tackle the problem of unreliable suppliers, Sukuma should investigate the market for spare parts and develop good relationships with other suppliers. He should clean up the outside of the shop and try to limit pollution. He should listen to his neighbours and try to address their complaints as soon as possible, because the members of his community are also customers of his business.

Activity 45

1. She needs to be in the shop often enough to get to know her customers and their needs better and to tell them that she will always be available if they need her. Train the staff on customer service and sales skills.
2. Unless the owner is the only one speaking the language, she should train the staff to serve the foreign customers and to call her immediately when a foreign customer arrives. Encourage foreign customers to make appointments in advance. Her business should be in a position to ship the items to the address of the customers if needed.
3. The workshop should always look busy, but orderly, with lots of pots on display. The staff should be alert and helpful, and should know how to answer the questions a customer may ask.

Activity 47

It is not the best approach, as he is not likely to get good service unless he places regular orders and gets to know the suppliers. Also, he should explore the option of buying in bulk by placing a large order with one or two reliable suppliers in order to receive cost advantages. Moreover, always buying the cheapest products may not be the best idea. It is important to buy good quality products.

Activity 49

1. A business can be a good neighbour by:
 - Providing regular employment and good working conditions
 - Minimising waste and disposing it responsibly
 - Controlling emissions of gas, dust and liquid waste
 - Ensuring that any liquid waste does not contaminate local water supplies
 - Controlling excessive noise near people's homes

2. A business can be a bad neighbour by:

- Exploiting the workers by not paying them adequately
- Discriminating against applicants at the time of recruitment or during their employment
- Not providing safe and healthy working conditions
- Dumping waste, particularly toxic waste irresponsibly and in open land or waterways
- Causing excessive noise and dust
- Clogging the drains with hard waste
- Creating safety hazards for local people and especially children

Activity 50

1. By not clearing the pavement, Sukuma is occupying the sidewalk and creating an inconvenience for his neighbours and for pedestrians. Additionally, the pavement is cluttered with bicycles and spare parts, which annoys the people living close to his shop. The risk is that the members of the community will be upset and never buy things from his shop. Also, they might not recommend his shop to their friends and family members.
2. The cost of being negligent towards his neighbours is that he may lose them as customers.
3. Sukuma should completely clear the sidewalk. He should organize the items and make a clear path for pedestrians. While he is clearing the path, he should place a sign in front of the shop apologizing for the inconvenience.

Activity 52

Better relations with business associations may help Lungu to find good suppliers. These business associations might also link him with banks or other financial institutions and government programmes that provide funds to small and medium enterprises. Additionally, the associations might be able to help Lungu develop a good business plan which would enable him to get loans from the banks. By contacting technical training institutions and receiving students as apprentices he can create a good resource for skilled workers.



WHAT DID YOU LEARN IN THIS MANUAL?

Now that you have studied the entire manual, try these practical exercises. The exercises will recap the things that you have learnt and will help you to improve your business by managing your staff better.

The exercises will help you to:

- **Use** what you have learnt to solve practical problems (Can You Help?).
- **Take action** to improve your business by using what you have learned (Action Plan).

Compare your answers with the Answers at the end of the exercises on pages 103 - 107. If it is difficult for you to work out an answer, read that part of the manual again. The best way to learn is to finish each exercise before you look at the answers.

Check the list of Useful Business Words on pages 109-110 to quickly find the meaning of a terminology.

“

You have learned about the relationship between people and productivity in this manual. But what you have learned does not help you until you use this knowledge in the daily operation of your business. Remember to prepare the Action Plan on page 82.

”



1. Can You Help?

1.1 Wood's Carpentry Shop

Wood owns a small carpentry shop and he produced the following table to show how the business has been performing in the last two years.

Products	Revenue (US\$)		Units produced	
	2012	2013	2012	2013
Chest of drawers	1,080	1,150	18	20
Wardrobes	1,200	1,300	6	10
Double beds	27,300	16,500	78	76
Sets of tables and chairs	16,400	21,000	41	45
Doors	20,650	18,200	59	52
Windows	23,600	24,000	118	120
Total	90,230	82,150		
	Expenses (US\$)			
Labour	15,380	19,500		
Materials	17,500	18,375		
Energy	2,750	3,025		
Capital	1,050	1,200		
Other	1,490	1,639		
Total	38,170	43,739		

He knows that his production has been increasing, but he is not able to get a clear picture by just looking at rows of figures. He wants his profit to increase accordingly and he wants to make sure that he gets as much as possible from the resources he puts into the business.

By answering the following questions, you can help Wood get a better idea of how things are going and what can be done to make it better:

Question 1: What was Wood's profit in 2012 and 2013?

Question 2: Which was the most productive year, 2012 or 2013?

Question 3: Give some examples of how Wood can improve the productivity of his business and what productivity indicators he could use.

1.2 Trader's Gift Shop

Trader operates a small gift shop and her only employee is a 22 year old man. Trader does most of the work herself, including buying stock, displaying and stacking shelves and serving customers. Trader's husband helps her with the accounts. The young employee is doing very well, but Trader realizes that she has no definite work schedule for him. He is just doing odd jobs and Trader is worried that he will become bored and leave

her business. Trader doesn't want this to happen, as she had hoped that the young employee will get more involved in the business activities, learn more about the business and eventually take over most of the tasks currently performed by Trader. Trader would then have more time to spend on activities to expand the business.

With this objective in mind, you can help Trader by doing the following exercises:

Exercise #1: Write a job description that would prepare the young man to take over most of Trader's work.

Exercise #2: Describe a training programme that Trader could use to develop the young worker's skills.

1.3 Staff problems in Baker's Bakery

Baker runs a bakery and employs three people to make the bread and cakes, two to attend to customers and make sales, and one messenger who helps to clean up. She and her husband organize everything and try to keep everyone working. Baker is not paying top wages as she doesn't believe that she gets much value for her money. She is a tough taskmaster. Employee turnover is constant. However, she hasn't worried about it too much as there are enough people wanting a job. Therefore, she usually finds someone else right away. But Baker is beginning to realize that her business does suffer. Lately production is down, so sales are down and therefore, there is less income for the bakery. The pastry chefs seem to do as little as possible. They just let the orders pile up without working harder to fill them. The shop assistants seem to spend more time talking to each other than attending to customers. The messenger seems to be increasingly unhappy with his job. At first, he worked very hard, but he is the lowest paid employee and he no longer seems to be motivated.

Baker hopes her staff could be encouraged to work harder so the business would pick up again. She is getting worried about the slump in sales and she knows that if it continues, she will not earn a profit.

You can help Baker by answering the following questions:

Question 1: What are the most likely reasons for the behaviour of Baker's staff?

Question 2: Suggest the steps that could be taken to make the staff work harder and take more interest in their jobs. In what way could the people in the kitchen and those in the shop be treated differently?

Question 3: What about the messenger? Suggest a way to encourage him to do a better job and to get more involved.

1.4 Problems in Fixit's Workshop

Fixit has realized that his car repair business is not operating as efficiently as it could be and that there are safety issues in the shop. One evening, he watched the workers in the workshop and then discussed how the work was being done. He made the following list of things to consider:

- Though the workshop was quite large, most of the activities, including spray painting, oil changes, repairs, maintenance, tyre changes, etc. was being done in one small area of the workshop. The rest of the space was taken up by both old and new parts, a couple of old cars, tools and general rubbish.
- There were no particular rules or guideline for how the work should be done.
- Most of the parts being worked on were placed on the floor and none of them were secured or fastened.
- The workshop layout left little room for the storage of spare parts and tools. They were usually left near the door and quite often it would take some time to find the right tool.
- There was a lot of oil that had spilled on the floor, the lighting was generally poor and the workers had often complained about a lack of space and uncomfortable working conditions.

Fixit would like to make the workshop more efficient and productive. He also wants to make sure that none of his workers get hurt while on the job. He wants to do something, but he doesn't know what to do.

You can help him if you can answer these questions:

Question 1: Why are the above-mentioned factors a problem for Fixit's business? How do they affect productivity? What accidents could result at the workshop?

Question 2: What can he do about each of these situations in order to improve safety and productivity? Analyze the cost and benefit of each of your suggestions and evaluate the value of each action.

1.5 Steely, the Head Mechanic

James started his car repair shop because he had a good eye for business and was on very good terms with Steely who became his head mechanic. James himself is not as qualified a mechanic as Steely and only Steely knows about electronics. So James relies heavily on Steely for the success of his business.

But lately, Steely's behaviour is causing James to be concerned. In the past, Steely was always very punctual, but recently he has been late for work. He arrives at the shop looking tired and smells of alcohol. He has started to socialize with a group of people who have been in trouble with the police. Steely's wife has complained to neighbours that her husband spends most of his salary and doesn't bring much money home for the family. James has observed these changes in Steely's behaviour for some time, but did not pay too much attention until Steely made a major mistake while repairing a car belonging to one of his good customers. Since that day, James noticed more mistakes being made and a general decline in the quality of Steely's work.

James cannot afford to let his business go downhill because of Steely's mistakes. He is worried that an accident could happen if the situation does not improve. He wants to do something about it, but he doesn't know what to do.

You can help James if you can answer the following questions:

Question 1: What are the most likely causes of Steely's behaviour and poor work performance?

Question 2: What steps would you take to resolve the situation?

1.6 The Unpopular Workshop

Brown has operated his workshop for five years. During that time profits increased every year. He has always used every opportunity to save money: his workers are paid as little as possible and he pays very few taxes because of his friendship with the local tax official. Despite several complaints by neighbours, he never did anything to keep his pile of old cars and spare parts covered and to reduce the noise level.

But now he faces three problems. A group of neighbours are threatening to report the mess and the noise to the local authorities, his workers are threatening to quit because they are paid less than the minimum wage and a new tax official is going to take over the job of Brown's friend.

Question 1: Where did Brown go wrong in his external relations? How could his business ethics affect productivity?

Question 2: What is the best advice you can give Brown at this stage?

2. Action plan

WHAT is the problem?	HOW do you solve the problem?	WHO will solve the problem?	WHEN will the problem be solved?
My employees don't seem to know what they are supposed to do. They don't feel responsible.	I will find out exactly what each employee should do and then make a job description for each job.	I will do it, but I will have to discuss it with my employees so that we can make appropriate job descriptions for each one.	It should be done before the busy season starts, so I will do it before May.

How can your business improve productivity through better relations with people and through human resource management? Start by making an Action Plan. In your plan, record:

1. What are the main problems that your business has in people management?
2. How will you solve each problem?
3. Who will solve each problem (you or someone else)?
4. When do you plan to solve each problem?

Write down your action plan on the next page. Remember these suggestions:

- Make a plan for a three or six month period
- Be realistic. Only write down what you think is possible to do
- Try to solve the most urgent problem first
- Keep this manual at your business so that you and others in your business can use it when you need it
- Check regularly to make sure that you are following your action plan. It is a good idea to check every week
- Consider putting your action plan on the wall so it is easy to see and check

Plan to improve your people and productivity

Use this page to write down your own plan to improve the people management and productivity in your business.

WHAT is the problem?	HOW do you solve the problem?	WHO will solve the problem?	WHEN will the problem be solved?

**Assessment 1**

1b; 2c; 3c

Assessment 2

1c; 2a; 3a

Assessment 3

1b; 2a

Assessment 4

1b; 2a; 3c; 4a; 5c

Assessment 5

1c; 2a; 3c; 4b; 5a

Assessment 6

1b; 2a; 3c

Assessment 7

1c; 2a; 3b; 4b; 5a

Assessment 8

1c; 2c; 3b

Assessment 9

1c; 2a; 3b

Can you help?***Wood's Carpentry Shop***

Question 1:

\$52,060 and \$38,411

Question 2:

2012 ($\$90,230/\$38,170 = 2.36$), and 2013 ($\$82,150/\$43,739 = 1.88$). The calculation shows that it costs much less to earn higher revenue in 2012 than in 2013.

Question 3:

Wood received \$200 for each wardrobe in 2012, but only \$130 in 2013. The price of double beds dropped from \$350 in 2012 to \$217 in 2013. Perhaps prices can be increased. On the other hand, the price per set of tables

and chairs had increased from \$400 in 2012 to \$466 in 2013. While the higher price may result in more income, it could also be too high as compared to the competition and therefore reduce sales. Production has remained just about the same over the two years, but expenses have increased by 15%, largely due to a 27% increase in the cost of labour. Productivity has dropped and action should be taken in this regard. Possible productivity indicators could be 1) the total number of units produced per week or month, 2) the number of units produced per week or month per worker or team of workers, 3) the number of returns and reworks due to poor quality, and 4) the number of units sold per month due to better marketing efforts.

The Trader's Gift Shop

Exercise 1:

A possible job description could look like the following, but should be more elaborate and detailed:

Title:	Shop Assistant
Responsible to:	The shop owner (Trader)
Description of the job:	As directed by the shop owner, the shop assistant is responsible for ordering and receiving stock for resale, displaying stock on shelves, attending to customers, and maintaining the general order and cleanliness of the shop.
Specific duties:	<ol style="list-style-type: none">1. Once a week, prepare a list of goods to be ordered from the major supplier. Discuss the list with the owner and then place the order2. Ensure that all stock is stored properly and attractively displayed in the selling area of the shop3. Attend to the customers and call for assistance if needed. Don't let the customers wait4. Keep the shop tidy and clean at all times. Once a week do a thorough clean-up5. Carry out any other duties that may be assigned by the owner
Qualifications required:	Must have completed a secondary education, relevant courses related to retailing or other relevant trade, and must have at least one year of experience in retail, preferably in one or more gift shops or supermarkets.

Exercise 2:

As it is a small business, the skills training and development of the young worker would mostly be on the job training. The approach might be as follows:

- First the owner would show the worker exactly how the following jobs are to be done: Purchasing, stacking of shelves, displaying gift items, daily and weekly cleaning.
- Then the young man would gradually be told to take over the responsibility for these duties one at a time. In the order of difficulty, he should start with cleaning, and then stacking shelves, displaying the items and, lastly, purchasing. To supplement the on the job training, Trader could also arrange for the young man to attend short, practical courses related to the stocking and operation of a gift shop. If she wants him to take over the full management of the shop in the future, she should also have him attend management related courses which include subjects such as accounting, financial control, marketing, etc.

Staff Problems in Baker's Bakery

Question 1:

As she does not make much effort to try to find the best workers, Baker has most likely hired the wrong people in the first place. Combine this with low wages and with constant harassment by Baker, it is no wonder that they are not motivated and that they take no interest in the job.

Question 2:

Baker should start by being more careful when employing her staff. She should make proper job descriptions for all the employees and she should pay more reasonable wages. She could then encourage her staff to work harder by offering salary incentives for good work, such as a bonus for high sales. She should appraise the staff's individual performance, reward good work, and by doing that, make the staff feel responsible for their part of the business. Baker shouldn't just boss them around. She can also arrange for them to attend training courses or call experienced bakers to teach the chefs new recipes or icing techniques to further develop their capabilities. Two teams may be established among the staff; one consisting of the people in the kitchen who are rewarded for quality and speed, and the other consisting of the shop assistants and messenger who are evaluated on how orderly they keep the shop and treat the customers. At the end of each month, both teams could receive a bonus based on their performance and the total sales for the month.

Question 3:

The messenger has done his job very well for quite a long time. He is obviously unhappy because he is still paid the lowest wage and has not been promoted to a better position. He could be motivated in several ways. One way is to increase his pay. Another way of making him feel appreciated would be to let him learn to do the other jobs at the shop. Apart from developing the messenger's abilities and increasing his job satisfaction, this would also serve Baker's Bakery by providing the opportunity to the messenger to take one of the jobs when a vacancy occurs.

Problems in Fixit's Workshop

Question 1:

The factors highlighted in Fixit's workshop are a problem for his business because it indicates that his workshop is disorganized. There is also lack of basic health and safety measures. These problems reduce the efficiency of his business and workers and thereby, reduce the productivity of his business. Each of the problems highlighted in Fixit's workshop affect the productivity in the following ways:

- The lack of an organized system for storage and the space taken up by rubbish would leave too little room to do the work properly.
- When there is no guideline for how the work should be done, the workers may not know what equipment to use and which protective gear to wear while working. This puts the safety and health of workers at risk and negatively impacts their productivity.
- Working on parts that are unsecured on the floor is unsafe. They can move around and cause tools or machines to slip and hurt the workers.
- When storage of equipment is not organized, time is wasted looking for tools and spare parts.
- Oil spills on the floor can cause workers to slip, fall and hurt themselves. This is particularly dangerous when there are heavy metal items being carried or worked on near the spills.
- Quality work is difficult to accomplish due to an uncomfortable work environment and poor lighting.

Question 2:

Various solutions may be suggested for the productivity and safety problems of Fixit's workshop. Some obvious ones are listed below:

- Sketches and a diagrams of workflow related to the different operations should be made. Then it should be possible to arrive at an overall plan of how best to utilize the workshop area.
- After creating such plan on paper, the next job would be to undertake a major reorganization and clean-up of the workshop. Each operation and job, along with the necessary work benches and equipment, would have a specific area in the workshop. Separate areas would be assigned for storage of equipment, used parts and rubbish.
- Tools and equipment associated with specific operations would also have their designated places on special shelves or wallboards.
- The lighting would also be upgraded as part of the reorganization of the workshop. It would be brighter and would be placed so as to provide correct illumination for each of the various workstations.
- Work routines aimed at maximizing production would be discussed and agreed upon by both management and employees.
- Rules relating to safety would be introduced and made clear to all employees.
- The cost of introducing these changes would mainly relate to the new work benches, the upgraded the lighting system and the shelves or wall boards for the tools. Considering the greater productivity and safety that would be achieved, the cost would be justified.

Steely, the Head Mechanic

Question 1:

Observing Steely's behaviour it seems certain that he is a troubled employee. He has probably become the victim of some kind of substance abuse. He probably keeps the wrong company, with friends that encourage him to be involved in such activities. This is affecting his work and he has, therefore, become more prone to making mistakes.

Question 2:

As Steely's employer, your productivity and income will suffer because of his problem and poor work performance. To avoid this you could do the following:

- Recognize that the employee is troubled and keep a record of number of times he comes late to work and his poor work performance.
- Meet privately with the employee to discuss his poor performance. Inquire if there is something troubling him to help identify the root cause of the problem. Insist that he improve, but also offer to help by providing solutions to the problem.
- Act on the problem by reaching an agreement with Steely that he will improve his work quality to meet acceptable standards. Also, refer him to a doctor or to a relevant community resource that can help him overcome his problem.
- Follow-up by monitoring his work performance and support him by checking that he has taken your advice and is seeing the counsellor or is going to the community service agency for help. Make yourself available to talk when necessary so that Steely never feels alone while dealing with his problem.

The Unpopular Workshop

Question 1:

He has maintained good relations with an obviously corrupt tax official and by paying a bribe has avoided a large tax bill. While it is positive to have good relations with government offices and officials, such personal arrangements are illegal and are likely to backfire in the long run. He is paying his workers poorly and it seems that he is not aware of the consequences. No effort had been made to develop good relations with his neighbours and this has led to a simmering grievance that has come to the surface. The survival of his business is now at stake, as his productivity and profits will be disastrously affected if he is made to pay back taxes to the government, as well as compensate the workers and the neighbours.

Question 2:

His relations with the neighbours can perhaps be re-established if he builds a wall to screen off his old cars and spare parts, reduces the noise as much as possible and combines this with some kind of goodwill gesture, like inviting the neighbours to a party when the wall is completed. He may then win their friendship and support. With regards to his workers, he should contact the local government office to find out about the minimum wage or the industry standards for paying people in that profession. If he increases the wages accordingly, the workers should be willing to keep working for him. The tax problem will be more difficult to overcome. He would probably have to pay the full amount, plus penalties and maybe everything that he owes from previous years.



USEFUL BUSINESS WORDS

WORD	THE WORD MEANS	MORE ON PAGE
Business values	Important beliefs and ideas that are shared and committed to by all the people in a business	65
Code of conduct	A set of behavioural rules that people should follow to ensure that the business values are reflected in every activity at the workplace	66
Discrimination	One person or a group of people that are subjected to unfair treatment	33-35, 67
Financial incentives	Awards that make people want to do certain things. Incentives are most effective when linked to performance	40
Good housekeeping	Maintaining an efficient and productive workplace	56
Human resource management	A strategic process of recruiting people, training and coaching them, motivating and rewarding them, etc.	21-22
Input	What is required to produce the output	1
Job description	A work programme for one person	28-30, 35
Motivational needs	Needs that, if satisfied, motivate people to do certain things	39-40
Organization structure	The way that an organization arranges people and jobs	19-20, 22
Output	What is produced or sold by a business	1
Performance appraisal	Evaluation of the performance of an employee	43
Productivity	Indicates the degree to which your resources are put to good use	1, 15

WORD	THE WORD MEANS	MORE ON PAGE
Productivity factors	Things and actions that affect productivity positively or negatively	9-10, 15
Productivity indicators	Factors of productivity that are specific and used for measuring and monitoring changes in productivity	11-13, 15
Troubled worker	An employee with personal problems that affect his work performance negatively	73
Workflow	A sequence of actions taken to produce a given result	52-54
Workplace culture	The way that people in a business do their jobs, serve customers, communicate and interact with each other	65
Workstation	A place at work for performing a specific job, often by one worker	56

IMPROVE YOUR BUSINESS

People and Productivity

Started your business already, but have troubles in some aspects of business management?

Improve Your Business (IYB) is the existing entrepreneurs' guide to good principles of business management. The **IYB People and Productivity** manual helps businesses to select the right people and motivate them to be more productive by providing a 'decent work' environment.

IYB is part of the 'Start and Improve Your Business' family of management training courses for start-ups and small entrepreneurs. The programme builds on 25 years of experience working in 100 countries, partnering with 2500 local institutions, 200 certified Master Trainers and a network of over 17,000 Trainers. It has reached 6 million clients to date and these numbers are only increasing!

The IYB training is supported by a set of six manuals:

IYB Costing

IYB Marketing

IYB Record Keeping

IYB Buying and Stock Control

IYB Planning For Your Business

IYB People and Productivity

