

Unit 02 – People in business

FOCUS

2.16 The importance of good communication in business

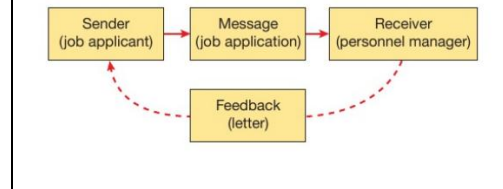
What is communication?

Communication involves sending and receiving information, as illustrated in Figure 16.2.

How does communication take place?

Inside a business, messages can be passed vertically (upwards or downwards) and horizontally (from side to side). These routes are called **communication channels**.

Figure 16.2



Downward communication usually involves managers giving information or instructions to their subordinates. Downward communication is important because:

- Subordinates look to their managers for leadership and guidance
- It allows the decisions made by management to be carried out by employees.
- It allows managers to command, control and organize.

Upward communication often involves workers giving feedback to managers. However, it might also include requests by workers. They may need more resources, for example. Upward communication is helpful because it:

- helps managers to understand the views and needs of subordinates
- may make managers aware of problems
- helps staff to feel that they are valued
- provides managers with information to help make decisions.

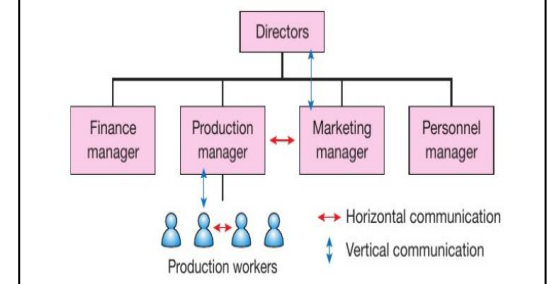
Horizontal communication occurs when workers on the same level exchange information. Horizontal communication is common within a department.

Internal communication takes place inside a business between employees.

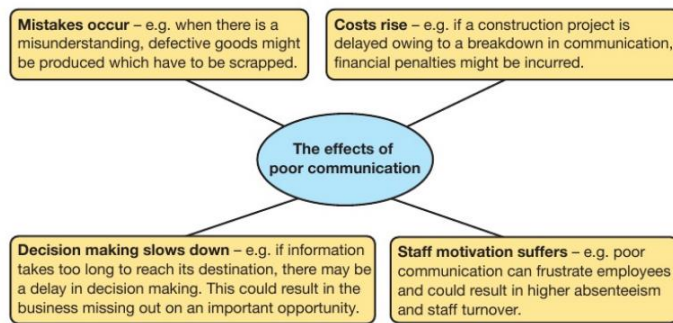
External communication occurs when businesses exchange information with people and organizations outside the business.

Formal communication in business is when people use recognised channels. **Informal communication** is through non-approved channels. Most informal communication is done 'on the grapevine'. This means unofficial. Communication often takes place between groups.

Figure 16.3



The importance of good communication in business



Methods of communication

1) face-to-face communication

This takes place when spoken information is exchanged by people who can see each other. Face-to-face communication is effective. These are some advantages and disadvantages of this.

ADVANTAGES	DISADVANTAGES
Allows immediate feedback	Negative body language may create a barrier
Encourages cooperation	A record of the message may not be kept
Allows new ideas to be generated	Non-relevant information may be included
Saves time	In a meeting, some people may not listen
	Limits to the number reached, for example, by the capacity of largest meeting room

2) written communication

Businesses communicate written information using a variety of methods. Each of them has their advantages and disadvantages.

» Letters »reports »memorandums »forms » notice boards

3) electronic communication

Most businesses use electronic communications. It is possible to deliver messages instantly, all over the world and to several people at the same time using electronic methods.

»Email »Internet »Mobile phones »Social media
 »Intranet »Video conferencing and teleconferencing »Public adders
 »Electronic noticeboard

2.17 Barriers to communication in business

Barriers to communication

Communication is only effective if the receiver understands the message sent. Things that get in the way of good communication are called communication barriers. Some examples are given below.

Lack of clarity

Communication is crucial in ensuring clarity and understanding, as poorly written or expressed messages can lead to misunderstood or ignored information. For instance, instructions to an employee need more detail, requiring more information to be conveyed effectively.

Technological breakdown

Electronic communication in business is increasingly reliant on technology, leading to potential technological breakdowns. Issues like email and mobile phone communication issues can arise due to weak signals or lack of signal. Additionally, high traffic volume can cause website crashes, and some businesses have experienced website outages.

Poor communication skills

Some people have poor communication skills.

Jargon

Jargon, a specific group-specific vocabulary, can be meaningless outside the group and can cause frustration for customers when used by employees.

Distractions

Distractions, such as noise and stress, can hinder effective communication in various settings, such as factories or construction sites, causing individuals to lose focus on their jobs.

Business culture

Poor communication within businesses can lead to a culture of uncertainty, rumours, gossip, suspicion, and anger, causing staff to become isolated and fail to share information with colleagues.

Long chain of command

If there are too many layers of management in the organization, the chain of command will be longer. This means messages take longer to pass through the chain and may become unclear or inaccurate on the way. This is more likely to happen in large organizations where thousands of staff are employed.

Using the wrong medium

Confidential information, such as people's details, should be communicated securely - using a letter, for example.

- Sensitive information, such as a staff disciplinary matter, should be communicated face to face.
- Some communication, such as a job offer, must be supported by a document such as a letter.
- If immediate feedback is required, verbal communication will be needed.
- Standard information is best communicated using forms.
- Complex and detailed information is best communicated in a report.

Different countries, languages, and cultures

In multinational companies' people may be working in different countries where languages and cultures vary. Such differences may make communication more challenging.

The problems of ineffective communications in business

Ineffective business communication can lead to costly issues like higher staff turnover, poor customer service, work-related injuries, legal costs, and lower profits.

How can communication barriers be removed?**recruitment**

Businesses should recruit staff with strong communication skills, as written and verbal communication in job applications and interviews can determine their chances of success, and formal tests may be used to assess these skills.

Training

Businesses can improve communication by training staff in various aspects, such as verbal, written, and presentation skills, and introducing formal communication systems at the start of employment.

Written communication

To address communication barriers, businesses can provide standard company letters and templates for all staff, and use forms for structured and clear information collection, preventing unnecessary inclusion of unnecessary information.

Technology

Communication barriers in businesses can arise from faulty technology, leading to equipment repair or replacement.

Chain of command

Businesses may remove management levels to improve information flow and communication, leading to a shorter chain of command and a better understanding of employee ideas and morale.

Social events

Internal communication may improve if social events are organized for staff. These provide opportunities for workers from different departments to come together which may be helpful.

Culture change

A business with poor communication culture needs to implement changes like formal communication systems, removing physical barriers, providing larger spaces, ending job status separation, and implementing an 'open door' policy.

2.18 Recruitment and Selection

Types of employment**Full-time employment**

Full-time employees work the full week, typically five days, with hours varying across countries. They may be entitled to benefits like health insurance or overtime pay.

Part-time employment

Part-time workers work fewer hours than full-time colleagues, often less than 30 hours. This flexibility allows businesses to stay open longer, such as during weekends or evenings and may suit certain employees.

Job share

Job sharing is a rare business practice where two part-time workers share a full-time position, allowing employees to reduce work hours and provide more leisure time.

Other types of employment

Casual employment - Casual employment offers flexible hours and variable hours, often on-call, without employer guarantees. It's common in the hospitality industry, where workers assist staff at events like the India Premier League.

Seasonal employment - Seasonal employment is a full-time, short-term job required by businesses at specific times of the year, such as ski resorts, farm managers, and postal delivery companies.

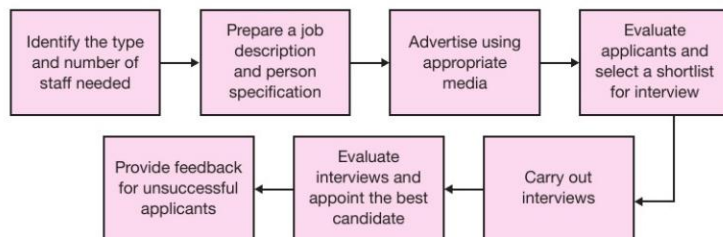
Temporary employment - Temporary employment is when businesses temporarily hire staff to cover absent workers, such as those on paternity leave or long-term sickness. This full-time, varying contract may last 3-12 months and can be used by job seekers for income or a transition into permanent positions.

Recruitment

In a large business, the human resources department is responsible for employing staff. A business may need new staff because:

- The business is expanding, and more labour is needed
- People are leaving, and they need to be replaced
- Positions have become vacant owing to promotion
- People are required for a temporary period to cover staff absence owing to maternity leave or paternity leave, for example.

Stages in the recruitment process



recruitment documents

Job description.

The main purpose of a job description is to show clearly what is expected of an employee. Extracts from it are likely to be used in a job advert.

Person specification

This provides details of the qualifications, experience, skills, attitudes, and any other characteristics that would be expected of a person appointed to do a particular job. It is used to 'screen' applicants when sorting through the applications.

Application form

Businesses use standard application forms to gather job applicant information, ensuring consistent data for easier comparisons. Common information requests include name, address, and contact information.

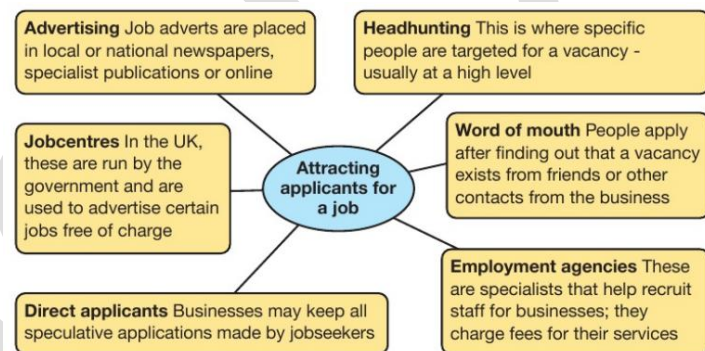
Curriculum vitae (CV) or resume

A CV is a personalized, professional document that contains most of the information in a job application form, allowing job seekers to express their individuality and professional appearance. Employers assess applicants' presentation skills and work quality through structure, layout, spelling, grammar, and content.

External and internal requirements.

One way of recruiting staff is to appoint someone who already works for the business. This is called internal recruitment. The advantages of internal recruitment are that:

- It is cheaper because it saves on advertising
- Internal recruits are familiar with company policy and working practices
- Staff may be more motivated if they know there is a chance of promotion
- The ability, personality, attitude, and potential of the person appointed will be more predictable.



All businesses must use external recruitment. This is where new staff are recruited from outside the business. The advantages of this are that:

- A business will have a much larger pool of potential employees to choose from
- A new person may be very talented and have some fresh ideas, which could help the business become more competitive.

Job advertisements

A perfect job advertisement would stand a good chance of attracting a small number of perfectly suitable candidates for the job. Some of the important pieces of information that are likely to be included in a job advert are:

- Job title.
- Name, address, email, and telephone number of the employer.
- Brief details of the job description

- Skills, qualifications, and work experience required for the job

- Salary and other benefits

- Method of application.

Shortlisting

After receiving application forms, the recruitment process involves shortlisting a small group of candidates for interviews. This involves sorting through CVs and choosing those that best match the person's specifications.

Interviewing

Carefully planned interviews are more effective, with equal questions and order. Providing a comfortable environment can help candidates provide a more accurate account of themselves, reducing stress and enhancing overall performance.

Interviews can be used to:

help clarify information on the application form (or CV)

- assess personality, motivation, attitude, commitment, and communication skills

- challenge candidates by asking searching questions such as how they might deal with a specific work-related problem.

2.19 legal controls over employment

What are equal opportunities?

Discrimination is the practice of businesses choosing employees based on their skills or qualifications, but it is illegal in most countries. Employers should focus on candidates' abilities, not gender, race, disability, sexual preference, religion, or age.

Gender

Gender discrimination, or sex discrimination, occurs when women in the workplace do not receive equal treatment due to their gender. Despite women making up 47% of the workforce in 2014, some evidence suggests equal opportunities exist.

Race and religion

Businesses must avoid discrimination based on colour, race, ethnic origin, religion, or nationality. Ethnic groups often face higher unemployment rates than whites. Governments worldwide have passed laws to address this issue.

Disability

Many countries offer workplace protection for people with disabilities, but unemployment rates are higher than non-disabled individuals. Many countries have legislation to improve their rights, requiring employers to make reasonable adjustments to accommodate disabled employees, such as adjusting working practices.

Sexual preference - Sexual preference discrimination is illegal in some countries; However, laws vary across countries, with homosexuality being a criminal offence in 38 out of 55 African states. Businesses must avoid discrimination in recruitment, pay, employment terms, promotion, training, and dismissal.

Age

Age discrimination in the workplace occurs when decisions are made based on a person's age, leading to promotions for older workers. This issue is prevalent in countries with high unemployment rates and part-time work.

Minimum wage laws

Governments in some countries have introduced a legal minimum wage, prohibiting employers from paying workers below the set hourly rate. There are 3 main reasons why governments set legal minimum wages.

- To benefit disadvantaged workers: It is argued that women, ethnic minorities and low-income families benefit from minimum wages.
- To reduce poverty: Minimum wage increases in the USA can help reduce poverty by raising wages for low-income workers, benefiting families moving in and out of poverty, and addressing the increasing reliance on low-paying jobs.
- To help businesses: A minimum wage should promote greater worker equality and fairness. As a result, workers will be better motivated. This should reduce staff turnover and absence and raise productivity.

Effects of minimum wage laws on businesses

Minimum wage laws can impact businesses by increasing wages for those employing low-wage workers. However, businesses may face job losses due to increased labor costs.

There may be some benefits of minimum wages to businesses.

- People on low pay may be better motivated and more productive when they receive a pay rise resulting from the introduction of a minimum wage.
- Low wage earners nationwide will have more disposable income so demand for many goods and services will rise. This will help drive up sales and profits for some businesses.
- Businesses may experience lower rates of staff absence and better reliability. This might be because low-paid workers, who often must have more than one job to survive, will be more committed to a single employer.

2.20 training

The importance of training

Training is crucial for employees to enhance their knowledge and skills, improve performance, and lead better. It also boosts motivation and safety in new environments.

Induction training

When people start a new job, they are likely to receive some induction training. This helps recruits settle in and become familiar with their new Surrounding.

On-the-job training

Watching another work

On-the-job training involves a recruit shadowing an experienced employee, if the teacher is committed, but poor-quality training may occur if not.



Mentoring

Mentoring is where a trainee is paired with an experienced member of staff for a given period.

Job rotation

Job rotation may involve a recruit spending a period in several different departments at a business.

Off-the-job training

Some employees receive training away from the normal work area. This is called off-the-job training.

Training in health and safety

In many occupations, the workplace can be a dangerous environment.

The benefits of training

- Keeping working up to date
- Improving labour flexibility
- job satisfaction and motivation
- New job in the service
- Training for promotion

The limitation of training

- High cost of training courses and other resources
- Learning by doing
- Loss of output
- Employees leaving

ADVANTAGES
Output is being produced
Relevant because trainees learn by actually doing the job
Cheaper than other forms of training
Can be easy to organise

DISADVANTAGES
Output may be lost if workers make mistakes and through the time diverted to showing the new recruit how to do things
May be stressful for the worker – particularly if working with others
Staff may get frustrated if they are 'unpaid' trainers
Could be a danger to others, for example, surgeon or train driver

ADVANTAGES
Output is not affected if mistakes are made
Learning cannot be distracted by work
Training could take place outside work hours if necessary
Customers and others are not put at risk

DISADVANTAGES
No output because employees do not contribute to work
Some off-the-job training is expensive if provided by specialists
Some aspects of work cannot be taught off-the-job
It may take time to organise

2.21 The importance of motivation in the workplace

What is meant by motivation?

Motivation is the desire to achieve a goal. Some people are self-motivated. This means they have the drive to achieve goals on their own; they do not need any encouragement. However, others need to be motivated. They need a push, pressure or rewards.

Why is employee motivation important in business?

Essayer to attract the employee - Businesses should attract top talent to gain a competitive edge. A motivated, pleasant working environment attracts good candidates, who are more likely to accept jobs. A positive reputation can also encourage job applications and attract good employees from rivals.

Essayer to retain employees - Maintaining motivated employees reduces staff turnover, which in turn reduces recruitment, selection, and training costs. High turnover can be problematic for managers, hindering business activities.

Higher labour productivity - Well-motivated employees will work harder. They are likely to take more pride in their work, complete tasks quickly and feel that their jobs are important. As a result, they will produce higher levels of output. Businesses also need workers to cooperate. For example, more and more businesses organize

How can businesses influence motivation?

Businesses can change the motivation of workers because they can provide for several human needs. These needs may be physiological, social, or concern with safety and security.

Herzberg two-factor theory

Psychologist Frederick Herzberg discovered in the 1960s that certain factors at work would help to give employees **job satisfaction**. He called these **motivators**. He also found that other factors could leave workers dissatisfied. He called these **hygiene factors**.

Maslow's hierarchy of needs



NEED	WORK CAN PROVIDE
Physiological	Adequate pay – subsidised meals and accommodation
Safety and security	Job security and safe working conditions
Love and belonging	Teamworking, good communication systems and social facilities
Esteem	Praise for doing a good job; awards and rewards for achievement
Self-actualisation	Opportunities to be challenged, be creative, solve problems and make decisions

Maslow also said that when businesses try to motivate workers by satisfying their needs, they should recognize the following.

- Once one set of needs have been satisfied, they are no longer a motivator. Workers can only be motivated by achieving the next set of needs in the hierarchy. Therefore, if a worker has enough pay and feels secure at work, raising pay levels would not motivate that worker. A business would have to find ways of satisfying higher needs.
- If lower needs are not met, workers cannot be motivated if a business tries to meet higher needs.
- If a business fails to meet a particular need, workers are not likely to be motivated.

Taylor's theory of scientific management

One of the first motivational theories to emerge was that of Frederick Taylor in 1911. Taylor said that workers were motivated by money. After making a close examination of working practices, he recommended that jobs should be broken down into simple tasks and that workers should:

- use specialist tools and equipment
- follow a strict working procedure
- receive proper training
- get breaks to recover from the physical strain of work and be paid according to what they produce.

2.22 Methods of motivation at work

Remuneration

Remuneration is the money paid to employees for their work or services, driven by Taylor's belief in intrinsic motivation and Maslow's theory of physiological needs.

Time rates

Many workers are paid according to the amount of time they spend at work. This payment system is called a **time rate**. The is **gross pay**, that is, pay before deductions. A worker's **net pay** is what they take home. It is gross pay minus deductions such as:

- income tax
- national insurance contributions
- pension contributions
- contributions to an employer savings scheme
- repayments for education or training loans
- trade union membership fees.

Workers may be paid overtime. This means they get a higher hourly rate for working extra hours.

Some employees are paid a **salary**, which is expressed in annual terms and paid monthly. Salaries are usually paid to non-manual workers. Salaried workers are not always paid overtime.

Piece rates

Some workers are paid according to how much they produce: a piece rate. However, piece rates do have problems.

- Piece rates cannot be used if work cannot be measured.
- The quality of output may suffer if people work too fast.
- Workers might use dangerous practices trying to work too fast.

Performance related pay

Performance-related pay (PRP) may be used to motivate non-manual workers. PRP is designed specifically to reward workers whose output is difficult to measure. This involves meeting with individual workers every year to:

- discuss progress at work
- assess whether targets have been met
- set new targets for the next year.

If targets have been met or exceeded, workers would get paid more. Businesses like PRP because it links pay to performance and only workers who perform well will be paid more. However, the system does have problems.

- Some workers feel that it is unfair because appraisers may be inconsistent.
- The financial **incentives** may not be high enough to motivate workers to improve their performance.
- Some workers may feel that the performance targets set are too demanding.
- Some workers may blame other factors if targets are missed.

BONUS PAYMENTS

Some firms have bonus systems. Bonuses are paid in addition to the basic wage or salary. They are usually paid if targets are met.

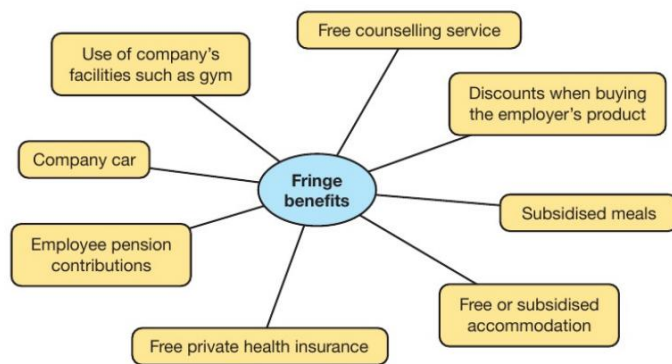
COMMISSION

The commission is a payment for reaching a target. This method is often used to reward sales staff. A salesperson may be paid entirely based on their sales record. This means that their income is nothing if no sales are made.

PROMOTION

Many people want to develop a career at work. This means they want to improve their skills, learn new ones and try to get promotion. A business can reward workers if there is a clear route to the top. The chance of promotion at work will help to motivate workers; this may be because promotion nearly always comes with higher pay. The higher pay rates are to reward employees for taking on additional responsibilities.

Fringe benefits



Non-financial rewards

Businesses use non-financial rewards for several reasons.

- Some people are not motivated by money.
- Some workers attach more importance to non-financial rewards.
- Since more and more people work in teams, individual financial rewards are less appropriate.
- Some of the motivational theories, such as those of Maslow and Herzberg, suggest that non-financial rewards are a valuable means of motivation at work.

Job rotation

Job rotation in a supermarket allows employees to switch jobs periodically, providing variety and motivation. This can help avoid boredom and increase flexibility.

Job enrichment

Herzberg's two-factor theory suggests job enrichment as a motivator for workers. Job enrichment involves making jobs more challenging and rewarding, allowing employees to develop unused skills and aim for promotion.

Autonomy

Businesses often promote autonomy for employees, allowing them to make decisions and achieve goals independently. This empowers workers, reducing the need for managers and supervisors.

2.23 Organization structure and employees

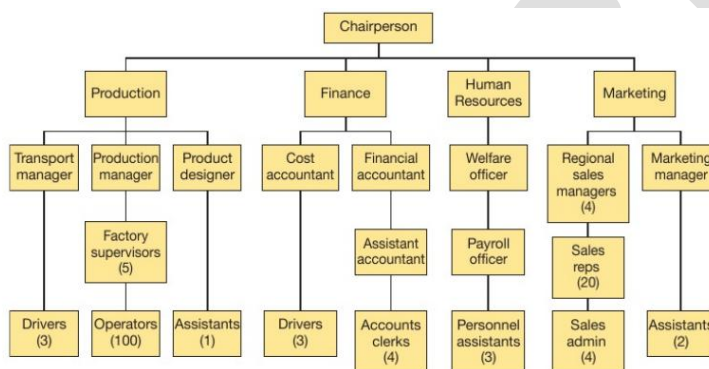
Organizational charts

The internal structure of a business is known as its formal organization.

The formal organization can be represented by an organization chart, which shows:

- How the business is split into functions or departments
- The roles of employees and their job titles
- Who has responsibility
- To whom people are accountable
- Communication channels
- The relationships between different positions in the business.

An organization chart for Denham Plc, a manufacturer, is shown in Figure 23.2. It is a traditional organization chart and the person in charge is the chairperson. At the top of the **hierarchy**, the chairperson is accountable to the shareholders. The roles played by all other employees in the chart are outlined below.



Employee roles and responsibilities

Directors

Directors, appointed by owners, form the board of directors, making crucial decisions in the business. They oversee four departments: Production, Marketing, Human Resources, and Finance, accountable to the chairperson and managers below.

Managers

Managers have several functions. They are responsible for planning, controlling, organizing, motivating, problem solving and decision-making.

Supervisors

Supervisors monitor the work in their area. They have authority over operatives and general workers. At Denham Plc, five factory supervisors are employed in the production department. Each of them has authority over 20 operatives. Supervisors may carry out managerial duties but at a lower level.

Operatives

Operatives are skilled workers. They are involved in the production process.

General staff

Businesses often employ staff that do not have any specific skills. However, with training, they can perform a variety of tasks and gain promotion to other positions. **accounts clerks** and people with administration jobs.

Professional staff

Professional staff are skilled and highly trained. Examples include lawyers, accountants, doctors, pilots and dentists. In places where lots of professionals are employed, organization charts may be different.

Features of organizational structures

CHAIN OF COMMAND

Organization charts show the chain of command in a business. This is the route through which orders are passed down in the hierarchy.

- messages may get lost or confused as they pass up and down the chain
- changes might not be accepted lower down the chain.

SPAN OF CONTROL

The number of people, or subordinates, a person directly controls in a business is called the **span of control**.

FLAT AND HIERARCHICAL (TALL) STRUCTURES

Organization structures may be flat or tall. The chain of command is short, but the span of control is wide. With flat structures:

- Communication is better because the chain of command is short
- Management costs are lower because there are fewer layers of management
- Control may be friendly and less formal because there is more direct contact between layers.

With hierarchical (tall) structures:

- Communication through the whole structure can be poor because there is a long chain of command
- Management costs will be higher
- There may be a clear route for a promotion that might help to motivate staff
- Control tends to be more formal and less friendly because of all the layers in the hierarchy.

DELEGATION

Delegation involves a manager handing complex tasks to a subordinate, saving time and motivating workers. However, dissatisfaction may arise if employees perceive extra work as unrewarded. The extent of delegation depends on **centralized** or **decentralized** decision-making.

Centralization and decentralization

Centralized - advantages

- Senior management has complete control over resources.
- Senior managers are trained and experienced in decision-making.
- It prevents parts of the business (such as different departments) from acting independently.
- Coordination and control are easier.

Centralized - disadvantages

- Employees may be demotivated without any authority.
- It brings less creativity and fewer ideas.
- Procedures may be needed to make decision-making easier.
- People at the top may be out of touch with the needs of customers served by more local employees.

Decentralized - advantages

- Workers have autonomy and may be better motivated.
- It speeds up decision-making.
- It takes pressure off senior managers by reducing their workload.
- Workers get the opportunity to be creative and share their ideas.
- It provides more promotion opportunities at the different managerial levels.

Decentralized - disadvantages

- Senior managers may lose control of resources.
- Costs may be higher owing to less standardisation and more variability in decision-making processes.
- Some employees may not have the ability to make decisions.
- Some employees may not welcome the extra responsibility.

2.24 Departmental functions

Human resource department (HR)

- **Workforce planning:** This involves calculating the number and types of staff that will be required by the business. In a small business, this would not take up too much time.

■ **Recruitment and selection:** The HR department will help plan the numbers and types of workers needed, place job adverts, and provide application forms. The selection of appropriate candidates for interview, interviewing of candidates and selection of the best employees for the job may also be carried out by HR, or by the managers in the departments they will join.

■ **Training:** The HR department is likely to organize induction and most other training that employees will need during their employment.

■ **Health and safety:** Businesses must comply with health and safety legislation, which is designed to protect employees from dangers in the workplace. The HR department will have to ensure that staff are fully trained in health and safety and issue all employees with the required safety equipment and protective clothing.

■ **Staff welfare:** The HR department is responsible for meeting the welfare needs of employees. They may have to monitor the working environment to ensure that it is as comfortable as possible.

■ **Employment issues:** The HR Department must draw up contracts of employment for employees. They must explain the contents and ensure that both the employer and the employee sign copies.

■ **Industrial relations:** The HR department may have to maintain good communications with trade unions. They may also have to organize and be involved in, negotiations between employers and employees.

■ **Disciplinary and grievance procedures:** Sometimes workers may have to be disciplined owing to poor conduct, or they may have a problem with a work issue. The HR department will have to provide information to employees on procedures in such matters and deal with the whole process.

■ **Dismissal:** The HR department is responsible for giving formal warnings to workers and dealing with any legal requirements when laying off staff. Workers may be forced to leave a job through dismissal or redundancy. Sometimes an employee may have grounds to claim unfair dismissal.

■ **Redundancy:** If a business must make people redundant, a strict formal procedure has to be followed before they can be laid off.

Finance department

The finance department is responsible for administering and monitoring all financial transactions carried out by the business. In a large business, the following tasks may be carried out.

■ **Recording transactions:** Details of every single purchase and sale must be recorded by a business. These records are used to produce important financial statements.

■ **Wages and salaries:** This involves processing wages and salaries for all workers. The department will provide workers with wage slips, ensure that payment is made on time, deal with wage queries and make payments to the tax authorities.

■ **Credit control:** This involves monitoring the amount of money owed by customers. It often requires staff to chase outstanding debts.

■ **Cash flow forecasting and budgets:** The finance department is responsible for controlling the firm's money. Such control is aided by producing budgets and cash flow forecasts.

■ **Accounts:** One important job done by the finance department is producing the business's accounts. These are financial statements that show how well the company has performed.

Marketing department

Most businesses today are market-orientated. This means that the focus for businesses is the customer. Consequently, marketing has grown in importance. In addition to selling products, the marketing department may be involved in the following activities.

■ **Market research:** People may be employed gathering, processing and presenting data about customer needs, markets and competitors. Increasingly, a lot of this sort of information is being gathered using social media. This information will be used by the business to help make decisions

■ **Product planning:** This involves deciding which products should be marketed

■ **Pricing:** The marketing department must decide what prices should be charged for the range of products sold by the business. Costs, competitors, the state of the market and the type of product will influence these decisions.

■ **Sales promotion:** People working in this area must develop interesting and effective methods of promotion.

■ **Advertising:** Businesses must create innovative and effective adverts. People in this area might also be employed to buy advertising space from the media. The marketing department might also make a significant contribution to the company website where goods might be advertised.

■ **Customer service:** An increasing number of businesses focus on the importance of providing good quality customer service. It is a way of gaining a competitive edge and involves helping and advising people who buy or use a firm's products.

■ **Public relations:** Communication between the company and the public, including shareholders and potential investors, is known as public relations. (PR)

Production department

Production involves making goods and providing services. In many businesses, most workers are employed in the production department.

Relationships and interdependence between departments

Departments need to work together. They are interdependent, which means that they rely on each other for their success. There must be good communication between departments to ensure that the business runs effectively. Some examples of relationships and interdependence between different departments are given below.

■ The production department may have to meet with the marketing department to discuss changes to a customer's order.

■ The welfare officer from the human resources department may have to meet the sales director to discuss customer complaints about one of the salespeople.

■ The HR department will need to communicate regularly with the finance department to discuss wages and salaries.

■ The product department may have to communicate with the production department to ensure that designs for a new product are profitable.

Focus