

10. The Azul Foundation (Azul)

The Azul Foundation is a small non-governmental organization whose mission is “to bring clean water to everyone, one home at a time.” The foundation was started and is managed by Regina Thavi. Azul advocates for increased government funding for plumbing infrastructure to help keep public water systems clean, and it provides free water testing and filter systems for people with low incomes. Azul relies on donations for most of its funds, with the majority of its funding coming from an annual marathon race and a charity golf tournament.

Employees at Azul are paid less than workers at for-profit businesses with similar qualifications, though most employees consider the fringe payments to be very good, especially for a nonprofit. However, every year that the organization exceeds its fundraising goals from its marathon, Regina will hold a staff party at which prizes will be given away as she draws names from a hat. Grand prizes at these events can be quite large, and one year Regina gave away a trip to Hawaii. Regina also gives small bonuses to employees who exceed certain individual performance goals, but as a non-profit, she cannot tie bonuses to net earnings as for-profit businesses do. Less than 15% of donations go towards paying overheads, with the rest going directly to the services it provides for people.

Regina gathers anonymous employee satisfaction surveys every year, and the results are generally positive. Many employees say they like Regina as a person and feel that she cares about them. However, the two biggest complaints this year were about outdated IT equipment and the sense that the organization revolves around Regina too much. One employee wrote, “I want to do a great job every day, but sometimes my work computer makes that impossible.” Another wrote, “I respect how much you make us feel valued, but I don’t always feel like our ideas are valued highly.” Despite these concerns, donors say that they think Regina is good at using their donations effectively. Since its creation, Azul has seen its funding increase by an average of 8% per year, and it has now helped over 100,000 homes gain access to clean water.

Question	Marks
A. Define the term fringe payments.	2
B. Explain two examples of non-financial rewards that Regina may use at Azul.	4
C. Apply Frederick Winslow Taylor’s motivational theory to Azul.	6
D. Explain two possible examples of hygiene factors at Azul.	4
E. Explain two non-financial motivators that may be used at Azul.	4
F. Evaluate the effectiveness of performance related financial rewards at Azul.	10

11. Nautilus Market Solutions (NMS)

Nautilus Market Solutions is a marketing firm established in 2015 by three partners who have worked in the advertising industry since the 1980s. It is now a private corporation, with all three partners in upper management. Today, NMS is known for producing ads that people talk about, and it has several large corporate clients. This reputation for success has made NMS a desirable firm to work for by many people in the marketing industry.

NMS offices have many perks, including a free cafe, gourmet brunch every Friday, comfortable movable furniture, and a video arcade with classic games. Salaries at NMS are among the highest in the industry, and there is an employee share ownership plan. All full-time employees were recently given unlimited vacation time, with management telling employees that they trusted them to figure out a vacation schedule that worked best for them to live a balanced life. When taking video conference calls with potential clients, managers usually take the call in a comfortable setting, with employees sitting on relaxing furniture.

Despite these benefits, NMS has started to experience some problems retaining employees, especially some of its younger ones, though some of this can be attributed to a strong economy. Few employees have taken advantage of the vacation policy, and many feel that the CEO sets a very high-pressure tone in the workplace, with high expectations but little guidance from middle managers. New hires in particular have privately talked about how they often feel that while the firm offers some very interesting opportunities to attend conferences and other off the job training opportunities to people who have worked at the firm for at least two years, communication and on the job training are lacking. An employee who recently quit wrote a blog post talking about how she felt that her time at NMS crushed her self-esteem, in one example noting how she and several other relatively new employees were intimidated during conference calls in which they did not fully understand some of what was being discussed. Surveys indicate that employee satisfaction remains relatively strong overall, though the HR department is beginning to study what is and is not working on NMS project teams and strategies to improve teamwork.

Question	Marks
A. Define the term esteem needs.	2
B. With reference to NMS, distinguish between intrinsic and extrinsic motivators.	4
C. With the use of Herzber's motivation theory, explain one factor that may act as a hygiene need at NMS, and one factor that may act as a motivator.	4
D. Explain one advantage and one disadvantage of an employee share ownership scheme.	4
E. Explain two reasons why HR may want to investigate NMS project teams.	4
F. Explain an advantage and a disadvantage to NMS offering off the job training.	4
G. With reference to motivational theory, discuss the effectiveness of NMS in keeping their employees motivated.	10

12. Price Cut (SL Version)

Price Cut is a discount retailer that sells a variety of fast-moving consumer goods and was originally known for products priced at or near one dollar. Price Cut now sells many items at higher prices, including groceries. After expanding beyond its core suburban markets, Price Cut has developed a profitable network of stores located in rural areas with long distances between grocery stores. Management sees further expansion in rural markets as its most important profit growth opportunity, though overall profit margins are not very high in the industry, and Price Cut's expansion plans are being held back by several human resources issues, most importantly low employee satisfaction and motivation, and staffing shortages. The firm faces strong competition from another big dollar store that is known for its efficient, low-cost operations and that recently acquired a smaller competitor.

The firm is collecting exit surveys from employees who have left, and some of the data so far suggests that workers are dissatisfied with the pay and limited access to sick days and other paid time off, the difficulties in getting raises or promotions based on experience or performance, dealing with difficult customers and strict managers, and the repetitive nature of tasks. All of these are issues that are common in low-priced retail. Price Cut requires all new employees to go through induction training, and all employees to watch periodic training videos. Store managers are expected to use job rotation and enrichment as much as possible, but many workers say that the training and job itself are often boring.

One proposal to reduce labor turnover is to use virtual reality (VR) programs to improve the firm's behavioral training and employee job satisfaction. VR simulations would be run as on the job training by managers at each Price Cut location. VR programs would take workers through scenarios that they may encounter, giving managers the ability to give employees feedback based on their actions in the simulations and to identify skilled employees to promote or offer more job empowerment. Price Cut's CEO is considering the VR proposal but is not sure to what extent it would help address labor needs and costs without also increasing remuneration.

Question	Marks
A. Calculate the labour turnover at Price Cut.	2
B. Define the term labour turnover.	2
C. Define the term induction training.	2
D. Explain an advantage and a disadvantage of Price Cut introducing virtual reality training methods.	4
E. With reference to motivation theory, evaluate the changes that Price Cut could make to improve employee motivation.	10

12. Price Cut (HL Only)

Price Cut is a discount retailer that sells a variety of fast-moving consumer goods and was originally known for products priced at or near one dollar. Price Cut now sells many items at higher prices, including groceries. After expanding beyond its core suburban markets, Price Cut has developed a profitable network of stores located in rural areas with long distances between grocery stores. Management sees further expansion in rural markets as its most important profit growth opportunity, though overall profit margins are not very high in the industry, and Price Cut's expansion plans are being held back by several human resources issues. The firm faces strong competition from another big dollar store that is known for its efficient, low-cost operations and that recently acquired a smaller competitor.

Labor turnover in the industry has always been high, but at Price Cut last year the rate hit a twenty-year high, with about 81000 employees out of a workforce of 168000. The firm is collecting exit surveys from employees who have left, and some of the data so far suggests that workers are dissatisfied with the pay and limited access to sick days and other paid time off, the difficulties in getting raises or promotions based on experience or performance, dealing with difficult customers and strict managers, and the repetitive nature of tasks. All of these are issues that are common in low-priced retail. Price Cut requires all new employees to go through induction training, and all employees to watch periodic training videos. Store managers are expected to use job rotation and enrichment as much as possible, but many workers say that the training and job itself are often boring. Some complaints have also come from middle managers who believe that the summative appraisal process, an annual performance review, gives them little useful information on employees and leads to resentment from lower-level workers who feel that even good appraisal results are not rewarded.

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Question	Marks
F. With reference to Price Cut, distinguish between formative and summative appraisal.	4
G. Explain one advantage and one disadvantage to Price Cut of summative employee appraisal.	4

13. Traducate Inc.

Traducate is a service that allows customers to take online classes in skilled trades such as carpentry, auto mechanics, and welding. Because these fields require hands-on training, many courses blend online and in-person work, and the firm has partnerships with skilled trade businesses for students to develop hands-on skills as needed.

Among Traducate's biggest challenges as its user base grows quickly are the need for more customer support staff to handle questions and complaints from both students and keeping such staff motivated. Users who are having problems with the website often call the customer service phone line, requiring Traducate staff to be able to calmly resolve the customer's issue. Due to the stress of handling these calls, Traducate's labor turnover for customer service staff is very high. Traducate uses a 360-degree appraisal process to assess customer service representatives' effectiveness. This allows the firm to see how well customers feel that employees are handling their issues, but some employees have complained that the appraisals add to an already high-pressure environment. Many have asked that the firm simply recruit more customer service workers and then reduce the number of customer calls that employees are expected to take each day.

Additionally, Tradeucate needs to recruit new employees to fill the roles of chief people officer (CPO) to manage human resources and a chief content officer (CCO) to manage online course creation and partnerships with businesses in the skilled trades. The outgoing CPO took over as the CEO of Tradeucate, and the CCO left to become the president of a university. Because Tradeucate is less than 10 years old, many of its employees in management were hired from outside the organization. Having read in an academic journal that it is not uncommon for 30-40% of people hired for senior management positions through external recruitment agencies to quit or be fired from the institution within two years, the new CEO wants the firm to promote people internally as much as possible. She assumes that the CCO position will require going through a headhunting agency or an online job search platform to find external candidates, as this position requires a diverse set of skills that she is unsure of finding a qualified internal candidate to perform.

Question	Marks
A. Define the term employee appraisal.	2
B. Explain two ways in which reducing labour turnover may benefit Traducate.	4
C. Explain one advantage and one disadvantage of Traducate moving from 360 degree appraisal to formative appraisal.	4
D. Explain one financial and one nonfinancial reward that could be used with customer service representatives.	4
E. Other than those listed in the text, explain two possible methods of recruitment that Traducate could use.	4
F. Discuss the benefits and drawbacks of Traducate using internal recruitment for its senior management needs.	10

14. Tinker Creek Brewing Co. (TCB)

Tinker Creek Brewing Co. is a family-owned brewery that makes non-alcoholic beer and has been in operation for 15 years. Having been a small operation until the last five years, it has grown rapidly more recently as the market for non-alcoholic beverages appeals to a wider audience, and it now has over 50 employees. While many of the big beer companies now produce non-alcoholic products, TCB has focused on higher-priced brews that are remarkably similar to ones with alcohol, and it has won several awards for product quality.

TCB has always had a culture of strong teamwork, and the family that owns it has rewarded productive employees with competitive pay packages and opportunities for career advancement. Employees are encouraged to develop multiple skills through on the job training and enlargement. The owners also attempt to hire people who they think will have a high need for both achievement and affiliation. TCB has relatively low labor turnover; however, as the business continues to grow and expand, the owners are facing the challenge of filling key positions within the company.

One of the biggest needs is for a new head brewmaster, basically a creative director of the company's beer products. The current brewmaster and co-founder of the company is retiring and the owners are struggling to find a suitable replacement. The family is considering several internal candidates who have worked their way up through the ranks and have a thorough understanding of the company's brewing process and culture. However, they are also considering external candidates who may bring new ideas, including people from larger beverage companies that may be able to help TCB refine its processes and reduce costs. While many customers are willing to pay more for non-alcoholic beers, and the owners firmly believe in their product superiority, they are also concerned that as large traditional beer brewing companies start to devote more resources to non-alcoholic products, that they will cut into TCB's market share.

In addition to the head brewmaster position, the company also needs to hire a new sales manager and marketing coordinator. The sales manager will be responsible for managing the company's relationships with distributors and retailers, as well as developing new sales strategies, as TCB's owners want their products to be distributed nationally in grocery stores and bars as soon as possible. The marketing coordinator will be responsible for creating and implementing marketing campaigns to promote the brewery's products.

Question	Marks
A. Define the term job enlargement.	2
B. Explain two examples of on the job training that TCB may use.	4
C. Explain two methods of recruitment that TCB may go through to fill the needed positions.	4
D. With reference to TCB, explain two elements of expectancy theory.	4
E. Explain an advantage and a disadvantage to TCB if it were to use performance related pay.	4
F. With the use of the motivational theories of McClelland and Deci and Ryan, evaluate the effectiveness of TCB's ability to motivate its employees.	10
G. Recommend whether TCB should use internal or external recruitment for the positions it needs to fill.	10