

Business Studies

Key Terms:

People in Business

		<div>Job Analysis</div>	Identifying and recording the responsibilities and tasks relating to a job.
		<div>Shortlist Applicants</div>	Based on application forms, CVs, covering letters
		<div>Interview</div>	<ul style="list-style-type: none">- one-to-one- two-to-one- a panel (usually for more senior positions)
		<div>Motivation</div>	Workers want to work hard and effectively for their employers
		<div>Motivation: why work?</div>	<ul style="list-style-type: none">• money to live on• social contract• security• esteem/self-importance• satisfaction• friendship

<div>Motivation: why motivate?</div>	<ul style="list-style-type: none"> • higher productivity • lower labour turnover • participation and ideas for improvement • higher profits 	<div>Job satisfaction: Non-financial rewards</div>	<ul style="list-style-type: none"> • health care • 'employee of the year' • discounts/gift cards • improved office/better working conditions • increased holiday
<div>Motivation Theory: Maslow's Hierarchy of needs</div>	<ul style="list-style-type: none"> • Self-actualisation • Esteem • love and belonging • Safety/security • physiological 	<div>Job satisfaction: Financial rewards</div>	<ul style="list-style-type: none"> • Company car • salaries/wages • bonuses/shares in company
<div>Motivation Theory: Taylor - Scientific Management</div>	<p>Aims to reduce inefficiency in the workplace - find the quickest methods for each task, and then train all staff in those methods - flow production.</p> <ul style="list-style-type: none"> • Workers only motivated by money • piece rate is best form of payment • set target output - pay more if exceeded 	<div>Job satisfaction: Team Working</div>	<ul style="list-style-type: none"> • Builds team spirit • Greater sense of belonging • Social needs met • Leads to more employee involvement
<div>Motivation theory: Herzberg - Two-factor Theory</div>	<ul style="list-style-type: none"> • Hygiene factors - pay, work conditions etc. They do not motivate in themselves, but without them there is dissatisfaction. • Motivators - nature of work, achievement, recognition, promotion etc. 	<div>Job satisfaction</div>	<p>Enjoyment employees can derive from work if they feel they have done a good or rewarding job.</p>
<div>Payment types</div>	<ul style="list-style-type: none"> • Wage: usually weekly, time/piece rate • piece rate: pay for number produced • time rate: pay for hours work • Salary: annual but divided monthly • commission: pay for number sold • profit sharing: based on share of profits • bonus: extra pay as reward for good work • performance related pay - for meeting pre-set objectives • Share ownership scheme - given shares 	<div>Job satisfaction: Job Enrichment</div>	<p>Adding tasks that are more challenging, more skilful and more responsible.</p> <ul style="list-style-type: none"> • satisfaction through more challenging work • prepares employees for promotion • feedback on performance • complete unit of work

<div>Job Satisfaction: Job Rotation</div>	<p>Workers are asked to switch different tasks with other workers, but at the same level of responsibility.</p> <ul style="list-style-type: none">• provides variety• reduces risk of boredom• more training might be needed• widens skills of employees	<div>Span of control</div>	<p>The number of employees working directly under a manager.</p> <ul style="list-style-type: none">• an organisation chart with few levels will have wide spans of control - an organisation chart show how jobs/roles are linked, line of command/communication and who each worker should report to.• can lead to more delegation
<div>Job satisfaction: Job Enlargement</div>	<p>Tasks of a similar level of difficulty/ responsibility are added to a worker's job description.</p>	<div>Line managers</div>	<p>Have direct responsibility over people below them in the hierarchy of an organisation.</p>
<div>Organisational Structure</div>	<p>The levels of management and divisions of responsibility in an organisation</p>	<div>Staff managers</div>	<p>Specialists who provide support, information and assistance to line managers.</p>
<div>Chain of command</div>	<p>The route taken by instructions passes down from senior management.</p> <ul style="list-style-type: none">• the more levels of hierarchy the longer the chain of command• long chain of command may lead to poor communication.	<div>Delegation</div>	<p>Giving subordinates (employees/junior managers) the authority to perform particular tasks.</p> <ul style="list-style-type: none">• employees trusted• less work for managers to undertake• increased esteem in employees• less control
<div>Level of hierarchy</div>	<p>A level of management where people have the same level of responsibility.</p> <ul style="list-style-type: none">• a hierarchical structure shows levels of management from highest to lowest• higher levels have more authority and control.	<div>Leadership styles</div>	<ul style="list-style-type: none">• Autocratic: manager in charge, takes all decisions (quick), one way communication, no worker involvement• Democratic: all workers involved in the decision making (slow), motivating, more ideas about• Laissez-faire: objectives set by management, but employees decide how to achieve them. Limited role for managers.

Trade Unions	<p>A group of workers who join together to protect their interests.</p> <p>Benefits:</p> <ul style="list-style-type: none"> • strength in numbers (employee negotiations) • action (e.g. strikes) more effective • support for workers • social benefits • legal support/insurance 	internal/external recruitment	<p>Internal: job filled by an existing employee of the organisation</p> <ul style="list-style-type: none"> - motivating, quick, cheap, known to business so more reliable references and understands company structure. <p>External: job filled by a non-existing employee of the organisation.</p> <ul style="list-style-type: none"> - new ideas and experience, quality of internal candidate may be low, worker jealousy
Management roles	<ul style="list-style-type: none"> • planning • organising • coordinating • commanding • controlling 	Training	<p>Improves efficiency, enables use of new tech, raises skills levels, motivates workers.</p> <p>On-the-job: trained at place of work, by experienced workers. cheaper, specific, some work done.</p> <p>Off-the-job: trained away from work, e.g. college, by specialist trainers, up to date.</p> <p>Induction: training for new employees explaining business structure, activities and procedures.</p>
Recruitment	Identifying need for new employee(s) and encouraging people to apply for a vacancy.	Redundancy	<p>Employees no longer required as the job ceases to exist.</p> <p>Why?</p> <ul style="list-style-type: none"> • fall in demand • takeover/merger and job duplication • new tech - less labour needed
Job description	<p>Responsibilities and duties to be carried out by the job holder.</p> <ul style="list-style-type: none"> • candidates can assess job and their suitability for it • allows job/person specification to be drawn up 	Workforce planning	Establishing the size and skills of the workforce needed by a business for the future.
Job (person) specification	<p>The requirements, qualifications, experience, and characteristics of people needed to fill a job vacancy.</p> <ul style="list-style-type: none"> • selection more likely to be appropriate 	Dismissal	<p>An employee's employment contract is terminated and they must leave the business.</p> <ul style="list-style-type: none"> • Employee replaced • work or behaviour unsatisfactory - will probably have been warned before hand.

Part-time/ Full-time employment	<ul style="list-style-type: none">Part-time: below 20 hours a week.• more flexible work force, more people to work at busy times.• suits some employeesFull-time: usually 35 hours or more a week.• fewer needed than if all part-time• easier to communicate• employees could be more secure/committed	Human Resources (HR) Department	<ul style="list-style-type: none">• Recruitment/selection/training• industrial relations• pay system/levels• health and safety• redundancies and dismissals• workforce planning
Selection	<ul style="list-style-type: none">• letter of application• CV/resume• short list• interview• selection tasks, e.g. aptitude test (tests potential, IQ etc.), skills tests, group situation tests, personality tests	Minimum wage	<ul style="list-style-type: none">• limits exploitation of employees• may increase motivation• more will look for work• increases labour costs
Recruitment	<ul style="list-style-type: none">• job analysis• job description• job specification• advertise vacancies• application forms and shortlisting• interviews• selection	Health and safety	<ul style="list-style-type: none">• raises sense of security• fewer accidents/days lost• workers feel safer• H&S measures may cost money
Advertising vacancy	<ul style="list-style-type: none">• internal: intranet, notice boards• external: newspapers, website, recruitment agencies, specialist media/papers, government job centres.	Unfair dismissal/ discrimination	<ul style="list-style-type: none">• protects employees and gives more security - improves motivation• employees treated fairly, not on basis of e.g. sex
Employment contracts	<ul style="list-style-type: none">• job title• role/responsibilities• hours of work• pay level and method• holidays• notice period	Communication	Sending a message from sender to receiver who understands it

<div>Part-time/ Full-time employment</div>	<p>Part-time: below 20 hours a week. Full-time: usually 35 hours or more a week.</p>	<div>One-way/two-way communication</div>	<p>One way: message sent without receiver required or expected to give feedback Two way: gives feedback to a received message - there may be a discussion about it. Takes more time than one-way, but more motivational to workers</p>
<div>Message</div>	<p>Information or instructions sent from sender to receiver. The Feedback is the reply from the receiver to the sender to confirm that message has been received and understood.</p>	<div>Formal/informal communication</div>	<p>Formal: message sent through established channels Informal: message sent casually, not through established channels</p>
<div>Internal communication</div>	<p>Between members of the same organisation</p>	<div>Barriers to communication</div>	<ul style="list-style-type: none"> • Sender: difficult language, unclear speech, wrong message, wrong receiver, unclear message, unnecessary detail • Receiver: poor listener, not paying attention, inadequate language skills, does not like sender - unwilling to understand or cooperate • Method used: inappropriate for message/situation, no feedback possible, IT failure, postal failure, long chain of command - message distorted.
<div>External Communication</div>	<p>Between the organisation and another organisation.</p>	<div>A tall hierarchy</div>	<p>Benefits:</p> <ul style="list-style-type: none"> • Clear chain of command • More promotion prospects • Smaller span of control • Better control over workers • Spreads work load <p>Pitfalls:</p> <ul style="list-style-type: none"> • Slow decision making • More expensive as more managers needed • High level of supervision can reduce motivation • Can hinder communication - Chinese whispers
<div>Methods of communication</div>	<p>Verbal: meetings, phone, one-to-one - Quick, immediate feedback/clarification, can use body language. Written: letter, notice - 'proof', good for complex details, can re-read, easily copied, slow/not easy feedback, no body language Visual: video - appealing, easy show of numerical data, images more memorable, some graphs complex. IT: email, social media - quick, feedback, internal and external, liked by young, emails can get 'lost'.</p>	<div>A flat hierarchy</div>	<p>Benefits:</p> <ul style="list-style-type: none"> • fewer managers = cheaper, less supervision, quicker decision making, more delegation/worker autonomy, less 'them-and-us' attitude • top of organisation more in touch with the bottom • Communication tends to be easier <p>Pitfalls:</p> <ul style="list-style-type: none"> • fewer opportunities for promotion • unclear chains of command = less control of subordinates, effective coms can be difficult • over-loading of managers - too much to do

<div>Resignation</div>	Termination of employment by the worker, perhaps because they have found a job with a different employer.	<div>Absenteeism</div>	Workers' non-attendance at work without good reason.
<div>Retirement</div>	Termination of employment due to the worker reaching an age beyond which they do not need to work.	<div>Labour Turnover</div>	The rate at which workers leave a business.
<div>Centralised Organisation</div>	One where all the important decision-making power is held at Head Office, or the centre.	<div>The Theory of Economic Man</div>	The view that humans are only motivated by money.
<div>Decentralised Organisation</div>	One where the decision-making powers are passed down the organisation to lower levels.	<div>Piece-rate</div>	Paying workers for each unit produced.
<div>Labour Productivity</div>	<p>A measure of the efficiency of workers by calculating the output per worker.</p> <p>Labour productivity = $\frac{\text{Output per time period}}{\text{number of employees}}$</p>		