



Bottisham Village College

KNOWLEDGE ORGANISER

BUSINESS STUDIES

YEAR 10 TERM 1



KNOWLEDGE ORGANISERS

At Bottisham Village College, we are striving to create a five-year curriculum plan that builds effective revision strategies into homework and lessons, to ensure that students are able to place powerful knowledge into their long-term memories. Additionally, we hope that this will help build effective learning strategies from early in their time here at the college.

Based on evidence, we know that regular recall activities are the best way of achieving this goal and committing powerful knowledge into the students' memories.

At the start of each term, we shall publish all the knowledge organisers that students will require for their studies in each curriculum area. These will cover a range of aspects: facts, dates, characters, quotes, precise definitions and important vocabulary. We are clear: if this fundamental knowledge is secured, students can then develop their higher-level skills of analysis and critical understanding with greater depth.

They will be given an electronic A4 Knowledge Organiser (KO) booklet for each term containing all of the knowledge required. In lessons, Bottisham staff will be regularly testing this fundamental knowledge, using short-quizzes or even more formal "Faculty Knowledge Tests".

The best way to use these organisers at home, is to follow a simple mantra:



1. Look at a certain aspects of a particular knowledge organiser
2. Cover up part of their knowledge organiser
3. Write it out from memory
4. Check and correct any spelling mistakes, missing bits or mistakes

So simple but so effective.

AQA Business Studies Revision

Year 10 Term 1

The Purpose and Nature of Business

- Explain why a business needs ALL of the factors of production.
- Explain why some businesses overlap into different sectors.
- Evaluate where entrepreneurs characteristics differ from one another.
- Analyse the reasons why an entrepreneurs objectives might change as their business grows.
- Explain two significant impacts that changes in the environment and technology might have on a business.

Business Ownership

- Explain what could happen if you have unlimited liability and the business fails.
- Evaluate why a business should change ownership structure.
- Explain the sources of finance that are only available to some structures.
- Discuss why different businesses might have different ownership types.
- Evaluate reasons why not-for-profit organisations exist.

Setting Business Aims and Objectives

- Explain three ways a business can grow.
- Evaluate whether growth is always a good thing.
- Explain how an owner/manager might use business objectives.
- Describe why a larger business might pay more attention to ethical objectives.
- Investigate three large PLCs of your choice. Identify their aims and objectives, do they share anything in common and is this why they are successful?

Stakeholders

- Evaluate the impact on a firms strategic aims if employees do not meet their objectives.
- Explain the changing stakeholder position if a new competitor was to enter the market.
- How might a business resolve a conflict between suppliers and the owners.
- Discuss the impact on a business if it 'falls out with' suppliers.

Business Planning

- Evaluate how essential a business plan is to the success of a start up business.
- Analyse why a business might get assistance to produce a business plan.
- Explain how a cost can be both fixed and variable.
- Evaluate the main ways a business can turn around the fortunes of a loss making business.
- How can a business increase its revenues without increasing costs?

Unit 1: Business in the Real World

ThinkIT

Expanding a Business

- Explain two reasons why a business might not want to grow.
- Analyse two negatives associated with a business growing through a takeover.
- Why might a merger not work out equally for each party?
- Explain how a business would decide where to locate a new store.
- Identify and analyse the disadvantages of operating and selling through e-commerce only.

Expanding a Business (continued)

- Analyse two disadvantages of growth with reference to diseconomies of scale.
- Provide an example of a purchasing economy of scale in the real world.
- Evaluate why poor communication might occur when a business grows.
- Describe how you would coordinate an international expansion.

Business Location

- If a business was to grow, discuss reasons why it might not want to move to a larger premises?
- Evaluate the best choice of location for a supermarket in the UK with reference to recent changes in consumer buying habits.
- Discuss the problems of having several stores in several locations.
- If there are several competitors, explain why a business may also choose to locate in the same location?

AQA Business Studies Revision

Year 10 Term 1

The Purpose and Nature of Business

- Describe three reasons why people start businesses.
- Describe products that are goods and services.
- Identify the key factors of production.
- Define opportunity cost.
- Identify primary/secondary and tertiary businesses.
- Define enterprise and entrepreneur.
- Outline three key entrepreneur characteristics.
- Outline three key entrepreneur objectives.

Stakeholders

- List 6 stakeholders of any business.
- Explain why the local community is a stakeholder.
- Outline the objectives of the shareholders in a business.
- What might the workers objectives be?
- How might two stakeholders objectives contrast with one another?

Business Planning

- List five common sections of a business plan.
- Discuss three reasons why a business would create a business plan.
- Understand the terms fixed and variable costs.
- Define the terms revenues, costs, profit and loss.
- Calculate the profit or loss if revenues and costs change.

Business Ownership

- Describe five types of business ownership.
- Explain and compare limited and unlimited liability.
- Decide which liability each ownership type might have.
- Describe a typical organisation that could be a sole trader or partnership.
- Assess the most appropriate type of ownership for a new start up business.
- Explain which ownership type a large business is likely to have and why.

Unit 1: Business in the Real World

KnowIT

Expanding a Business

- What are the advantages of a business growing?
- Explain why growth is not always a good idea.
- Define organic growth.
- Know the difference between a merger and a takeover.
- Define unit cost.

Setting Business Aims and Objectives

- Outline 5 common aims and objectives for a business.
- Explain the term profit maximisation.
- Define a social objective.
- Describe an ethical objective.
- Explain why aims and objectives can change.
- Explain a way other than profit that a business can be successful.

Business Location

- Explain 4 different types of place a business might be located.
- Describe why a business might be located near to its suppliers.
- Outline a business/industry that might locate itself close to competitors.
- Describe a type of business that might not be located on the high street.
- Why might a business moving to a larger premises not be a good idea?

Expanding a Business (continued)

- Know the definition of purchasing economies of scale.
- Describe technical economies of scale.
- Explain the term e-commerce.
- Calculate average costs for a business.
- Describe the term outsourcing.

AQA Business Studies Revision

Year 10 Term 1

The Purpose and Nature of Business

- Explain each of the factors of production – land, labour, capital, enterprise.
- Explain the opportunity cost of an entrepreneur starting their own business.
- Be able to explain the sector of any business.
- Explain three entrepreneurs characteristics. Investigate one entrepreneur of your choice. Did they display these characteristics?
- Explain two impacts of changes in the economy (interest rates/inflation) on a small business.

Business Ownership

- Describe the key features of a sole trader and a partnership.
- Explain the advantages to an owner of having limited liability.
- Decide what the drawbacks of becoming a private limited company are.
- Outline the key differences between a ltd and a plc.
- Explain how profits of limited companies are typically distributed.

Setting Business Aims and Objectives

- Define the term market share and show how it is calculated.
- Explain two ways shareholder value can be defined.
- Describe why a business would have objectives.
- Explain how a competitor might affect the objectives of a business.
- List the objectives of a not-for-profit organisation.

Stakeholders

- Discuss the impact that suppliers would have on a business.
- Explain how the business environment might impact the local community.
- Describe the impact that a high dividend might have on a businesses profits.
- Explain how owners and workers objectives might result in conflict.

Business Planning

- Explain why creating a business plan is important for a new business.
- Why might a bank want to see a business plan?
- Discuss three negatives of creating a business plan.
- Describe the main difference between fixed and variable costs.
- What can a loss making business do to reduce loss/increase profits?

Unit 1: Business in the Real World



Expanding a Business

- Describe the advantages and disadvantages of franchising.
- Explain the negatives of growing by outsourcing.
- Explain the difference between a merger and a takeover.
- What benefits might a business have by gaining economies of scale?

Business Location

- Explain the benefits and drawbacks of a business being located on the high street.
- Why might a new start up business be located at home.
- Why is it important for certain businesses to be located close to their market?
- When might this not be the case?
- Why might a growing business struggle to retain its employees if it moves location?

Expanding a Business (continued)

- Calculate what will happen to average costs if a business doubles in size and everything else remains equal.
- Evaluate how demotivation can occur if a business grows.
- Explain how a business can grow too quickly. Use any real life examples you know of to support your point.

AQA Business Studies Revision

Year 10 Term 1

Paper 1 and 2

Business in the real world
Aims, Objectives, Stakeholders and location

Subject Specific Vocabulary

Aim – a general goal of a business

Objective – Specific target that is set for a business to achieve

Private Sector Organisation – Owned by individuals

Public Sector Organisation – Are owned by the government

Dividends – The financial rewards paid out to shareholders each year.

Negotiation – Occurs when two side discuss what they want and try to reach a solution

Stakeholder – Someone who has an interest in the business

Protectionist measures -

KQ1 –What is the purpose of setting objectives?

By setting objectives, managers will be clear about what they are trying to achieve.

- Helps with decision making
- Helps investor understand the business
- Provides a target to work towards
- Use a tool for motivation

Objectives focus on the following areas –

- Survival
- Earning a profit
- Shareholder value
- Customer satisfaction
- Market share
- Growth
- Being Ethical
- Environmental and sustainability targets

KQ2 – To be effective, an objective should clearly state:

- What the target is – EG. To increase profits by 20%
- When will it be achieved by?
- Who is going to achieve it?
- How is it going to be achieved?
- Focus on resources – Time, People, Money and equipment

Stakeholders

The 6 main stakeholder groups with their own objectives:

Stakeholder	Objective
Owners	Maximise profits
Employees	Earn more money and get promotion opportunities
Suppliers	Paid on time
Community	Want the business to behave responsibly ,provide local jobs
Government	Legal behaviour, taxes paid, growth
Customers	Useful, accurate information on the product, good or service.

KQ4 – How can stakeholders influence a business?

Negotiation	Employees can negotiate better pay. Suppliers may demand better terms and conditions
Direct Action	Customers can stop buying the product if they are unhappy. Employees can go on strike.
Refusal to co-operate	Local councils can refuse to co-operate with a business if they do not like the behaviour of the business
Voting	Vote on the direction of the organisation

Location

KQ5 –What is the best location for a business?

Maximise revenue + minimise costs = best location

Factors to consider:

Cost – amount to be paid on rent

Sales – Does the location ensure customers can get there?

Image – Does the location match the image of a business?

Other factors affecting location

- Proximity to market
- Type of business
- Technology
- Transport links
- Availability of resources

KQ 6 why would a business locate abroad?

Advantages	Disadvantages
Cheaper labour	Language barriers
Access to resources not available in the UK	Different tastes and culture
Financial incentives from foreign governments	Different rules and regulations
Avoid tariffs from imports	How would the move be viewed (ethically)

AQA Business Studies Revision

Year 10 Term 1

Paper 1 and 2 Business in the real world Business Ownership

Subject Specific Vocabulary

Sole Trader – Someone who sets up in business on their own

Profit – Measures the difference between revenue (sales) and costs

Unlimited liability - means that the personal possessions of the business owner are at risk. There is no limit to the amount of money the owners may have to pay out.

Partnership – When two or more people join together to own a business

Dead of partnership – Agreement between the partners to see how profits and value will be divided up.

Stakeholders – Individuals who have an interest in the business

Company – A business that has its own legal identity.

Shareholder – A person that's owns part of the company

Stock exchange – A market place for buying and selling shares of public limited companies PLC

Flotation - When a private limited company LTD becomes a PLC the shares are listed on the stock exchange

Not for profit organisation – Achieve objectives other than profit.

Founder – The person that started the business

KQ – Key Questions for this Topic

KQ1 –What are the different forms of business ownership?

- Sole Trader
- Partnership
- Private Limited Company
- Public Limited Company
- Not for Profit

KQ2 – What are the advantages and disadvantages of being a Sole Trader?

Advantages	Disadvantages
You are your own boss	Unlimited liability
Can decide things quickly	May lack finance
Easy to set up	Heavy workload
Keep all the profits	May not have the skills required
Make your own decisions	Difficult to take a holiday
	No one to cover the jobs if you are ill

Partnerships -Between 2–20 decide to set up a business together.

KQ3- What are the advantages and disadvantages of being a partnership?

Advantages	Disadvantages
Share workload	May disagree with the other partners
More sources of finance than a sole trader	Unlimited liability
Share skills	Liable for the actions of the other partners
	Share profits

KQ4 – What are the advantages and disadvantages of becoming a company? PLC or LTD

Advantages	Disadvantages
Limited Liability	Have to register
Better status in the eyes of so death of the some customers	Have to disclose information on sales and profits
Continues after the death of the founder	Have to get accounts checked independently
Can bring in investors	If there are other investors then the founder is not in full control

KQ5 – What are the key features of a Private Limited Company?

- Owned by the shareholders (shares can only be sold to friends and family or known associates)
- Refer to as LTD
- Cannot advertise shares to general public

KQ6 –What are the key features of a Public Limited Company?

- Shares can be bought and sold on the stock exchange
- The large status of a PLC can impress customers
- Investors might be more willing to buy shares
- Attract more media attention

KQ7 –When working out which ownership structure a business has, ask the following questions

- 1) Who are the owners? Are they different from the managers?
- 2) How can the business raise finance?
- 3) What is the liability of those who own the business? Unlimited or limited?
- 4) How are the profits distributed? Who receives them?

AQA Business Studies Revision

Year 10 Term 1

Paper 1 and 2

Business in the real world Business Planning and expanding a business

Subject Specific Vocabulary

Business Plan – a document setting out what a business does and what it hopes to achieve in the future

Business Planning – The process of producing a business plan.

Uncertainty – occurs where there is a lack of information about a situation.

Risk – The possibility of something going wrong

Revenue/Turnover – The income that a firm receives from selling its goods or services

Total Costs – are fixed costs plus variable costs

Fixed Costs – Do not change when a business changes its output.

Variable Costs – Vary directly with the businesses

Market Capitalisation – measures the value of all its shares (market share x number of shares) = market capitalisation

Internal Growth (organic growth) – Occurs when a business gets bigger by selling more of its own products

External Growth (inorganic growth) – Occurs when a business gets bigger by joining or buying other businesses

Franchise – When a franchisor sells the rights to its products to a franchisee; this is usually in return for a fee and a percentage of turnover

Franchisee – Buys a franchise usually in return for a fee and a percentage of turnover

Franchisor – Sells the franchise usually in return for a fee and percentage of turnover

E – Commerce – the act of buying or selling using the internet

Outsourcing - When a business uses another business to make / assemble part of the product

Merger – Two or more businesses join together to form a new business

Takeover – one business buys control of another one

Economies of Scale - When a business's unit costs of production fall as its output rises and the business expands.

Diseconomies of Scale – When the cost per unit increases as the business expands

Business Plans

‘A business plan states what a business is trying to achieve’

KQ1 – What is the purpose of a Business Plan?

- Helps set the business up successfully
- Can be used to raise finance (shows the bank or investors that it is a safe investment).
- Helps to set objectives
- Helps to co-ordinate actions motivate staff

KQ2 – To reduce the risk of business plans going wrong, businesses can:

- Complete market research
- Talk to experts and consultants
- Plan for a variety of possible outcomes
- Regularly review and update the plan to make it relevant

KQ3 – What are the main sections of a business plan?

- Background information
- Analysis of the market
- Aims and objectives
- Price and expected sales
- Competition
- Analysis of the financial position

Business Expansion

A business may expand through Internal or External Growth

KQ1 – How do you measure the size of a business?

- Values of sales
- Value of the business
- Number of employees

Internal Growth

Franchising

When one business sells the right to another business to sue its name and products. For example McDonalds

Advantages of selling a franchise	Disadvantages of selling a franchise
Can grow quickly	Lose some control
Franchisee provides some of the finance	Danger of problems with one franchisee affecting the whole brand
Franchisee motivated as they are running their own business	Have to share profits

Advantages of buying a franchise	Disadvantages of buying a franchise
Established brand	Have to share profits
Access to training and support	May have to work within franchisor's guidelines
Learn from other franchisees	Have to contribute to group marketing
	Sales may suffer if another franchisee gets a bad reputation

Other ways to grow internally

- Opening new stores
- E – commerce
- Outsourcing

AQA Business Studies Revision

Year 10 Term 1

External Growth

When two firms join together through a Merger or Takeover

Integration	Description
Horizontal	One firm joins another firm at the same stage of the production process
Vertical forward	When a firm joins a business closer to the top of the production process. A farmer buys a farm shop
Vertical Backward	When a firm joins a business closer to start of the production process. A shop buys the business it buys it supplies from.
Conglomerate	When one firm joins together with another different firm. Delivery company joins a cleaning company

KQ 2 What are the advantages of business expansion?

- It can lead to economies of scale
- More power in the market (retailers more likely to stock the products of well-known brands)
- Larger businesses have more status (easier to launch new products in the future)
- Big businesses more expensive to take over so less threat of a takeover
- The rewards for staff often linked to the size of the business.

KQ 3 What are the disadvantages of business expansion?

Dis-Economies of scale

- Decision making becomes slower as there are many levels of hierarchy for messages to pass through
- Employees may feel isolated as there are so many other employees they do not feel special
- Control is difficult as the business has many products/ clients

KQ3 – What are Economies of Scale?

Economies of scale occur when the cost per unit falls with greater level of production.

Types of economies of scale:

- Bulk buying - Big businesses buy in bulk so they can negotiate the price
- Technical – large scale production and the use of technology. Production lines used to produce more products.

Output (units)	Total Costs (£)	Unit cost= Total costs / output	
100	1000	$1000/100=10$	E of S
200	1600	$1600/200=8$	E of S
300	2100	$2100/300=7$	E of S
400	2400	$2400/400=6$	E of S
500	4000	$4000/500=8$	DE of S

KQ 4 What are the benefits of expanding abroad?

- Target more customers
- Potentially sell more products

KQ5 What are the drawbacks of expanding abroad?

- The laws and regulations may differ
- High levels of potential competition
- Customers' buying habits and expectations may be different
- Language barriers

Consolidation questions

- 1 State two ways the growth in the size of a business can be measured?
- 2 What is meant by external growth?
- 3 What is meant by internal growth?
- 4 What is meant by economies of scale?
- 5 What is meant by unit cost?
- 6 State two benefits of expansion?
- 7 State two drawbacks of expansion
- 8 State two economies of scale
- 9 State two types of diseconomies of scale
- 10 Explain the difference between a merger and a takeover

AQA Business Studies Revision

Year 10 Term 1

Paper 1 and 2

Business in the real world The Purpose and Nature of Business

Subject Specific Vocabulary

Good – A physical product such as a car

Service – Intangible product such as financial advice or a bus journey

Customer – Someone who buys the product

Consumer – Someone who uses the product

Entrepreneur – Someone who is willing to take risks involved in starting a business

Entrepreneurship – refers to the ability to be an entrepreneur

Social Enterprise – A business that is set up to help society rather than make a profit.

Opportunity Cost – The sacrifice made when making a decision.

Interest Rate – The cost of borrowing money or the reward of saving money (expressed as a %)

Inflation – The rate at which prices are increasing.

Resources – The inputs that businesses use to provide their goods or services

Enterprise – Another word for a business. It also refers to the skills of the people in the business

- Spotted a business opportunity (gap in the market)
- To provide a service to others (social enterprise)

KQ2 – What are the factors of production (resources needed to provide the good or service)?

Factor	Example
Land	The physical land and the site on which the business is located
Labour	The skills and numbers of employees employed by a business
Capital	The equipment used to make the product / service
Enterprise	The skills of the people involved

KQ3 – What are the characteristics of an entrepreneur?

- Innovative – good at spotting opportunities
- Risk Taking
- Hard working and determined
- Organised

KQ – 3 Key Questions for this Topic

KQ4 – What sectors do businesses operate in?

Sector	Example
Primary	First stage of production and use of raw materials. EG. Fishing, Farming and mining
Secondary	Second Stage of production – converting primary resources into products. EG. Manufacturers
Tertiary	Final stage – selling the product or providing a service

KQ2 – What are the functions of a business?

- Operations
- Marketing
- Finance
- Human Resources

KQ3 – How can changes in a business environment impact on a business?

Technological Change	Technology is changing rapidly so businesses need to adapt to keep up with new ideas
Economic Change	Changes to interest rates, inflation and GDP can impact on a businesses or customers spending
Legal Change	News laws and regulations that a business needs to keep up with
Environmental Change	Impact on the environment and how a business is perceived.

Questions

- 1) State two possible sources of new ideas for a business
- 2) What is meant by an entrepreneur and why might some people not want to be one?
- 3) Explain one reason why someone might want to start their own business.
- 4) What is meant by opportunity cost (give an example from the business world)?
- 5) State two examples of businesses that would be in the Tertiary Sector
- 6) State two changes in the economic situation that can affect a business
- 7) State two changes on the technological situation that can affect a business
- 8) Explain how two factors of production would be used in a business of your choice.

KQ – Key Questions for this Topic

KQ1 – Why might some want to start their own business?

- To be their own boss and make their own decisions
- To keep all the profits (to earn more than their current pay)
- They need a job to earn money
- To pursue an interest or hobby
- Unhappy in their current job
- Flexible working hours



Bottisham Village College

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BUSINESS STUDIES

YEAR 10 **TERM 2**

AQA Business Studies Revision

Year 10 Term 2

Paper 1 and 2

Influences on Business

Technology, Ethical and Environmental considerations,
Economic climate of a business

Subject Specific Vocabulary

ICT – Computing and communication systems that a business uses to exchange information with stakeholders

Stakeholder – Individuals and organisations that have an interest in the business

Intranet – Communication networks which can accessed by an employee

Extranet – Similar to intranet but these can also be accessed by other organisations such as suppliers

E-commerce – Goods and services are sold using an electronic system such as the internet.

Ethics – whether a business is thought to be morally right or wrong.

Economy – made up of millions of consumers, many thousands of businesses and governments. All take decisions on what to buy and produce

Economic climate – The state of the key factors within a country such as the level of goods and services produced and the number of jobs available.

Interest Rates – The cost of borrowing money or the reward for saving money, expressed as a percentage

Overdraft – Flexible loan which businesses can use, whenever necessary up to an agreed limit.

MNC – Multi National Company – produces goods and services in more than one country

Exchange Rate – The price of one currency expressed in terms of another

Legislation – Set of rules that governs the way society operates. It is another word for laws.

Discrimination – treating one person differently from another without having good reason to do so.

Part time employee – Works a proportion of the week.

Trade Union – Is a group of workers who act together to improve their pay and working conditions.

Contract of employment – legal document stating the hours, rates of pay, duties and other conditions under which a person is employed

Markets- exist where there are buyers and sellers

Competition – exists when more than one business is attempting to attract the same customers

Monopoly – exists when a business does not face any competition in a particular market.

Recession – occurs when the value of an economies output of goods and services falls for six months or longer

KQ1 –What is information and communications technology?

A method of exchanging information with stakeholders
ICT – tablets, smartphones, PC's, cloud computing networks allowing information to be exchanged quickly.

Types of information that are exchanged:

- Prices and product details (customers)
- Resources required (suppliers)
- Customer needs and complaints
- Ideas and suggestions (employees)

KQ2 – What is the impact of ICT on business activities?

- Location of the business can change to enable them to tap into cheaper labour markets
- Employees can be flexible and work from multiple locations increasing the pool of candidates
- More information can be stored on cloud computing showing trends and customer spending habits

E Commerce

E- Commerce – enables business to access more customers and reduce costs through

- Businesses selling to customers or to other businesses using their websites
- Individuals selling to other people directly through websites such as ebay and gumtree

KQ4 – How can a business use digital communication?

Email	To inform customers / suppliers of key information
Texts	Alert customers to delivery slots
Web chat	To offer help and advice to customers
Video conferencing	To hold meetings with colleagues in different locations.
Apps	Inform customers of offers and other information
Social Media	Inform customers of offers and other information

Ethical and Environmental considerations

KQ5 –What is business ethics?

Whether a business is thought to be morally right or wrong

Legal and ethical business practice

- Donating significant amounts of profit to charity

AQA Business Studies Revision

Year 10 Term 2

- Setting up businesses in high unemployment areas

Legal and unethical business practice

- Selling foods in high fat and sugar
- Paying manager high salaries while employees receive the minimum wage

Illegal activities

- Child labour
- Paying below the minimum wage

KQ6 – How can a business behave ethically?

Ethical Marketing	<ul style="list-style-type: none"> Design products that do not damage the environment Avoid targeting children with advertising for harmful products (e.g. Junk food?)
Ethical Business Operations	<ul style="list-style-type: none"> Not using suppliers with unethical practice Manufacturer products using recycled goods
Ethical Human Resources	<ul style="list-style-type: none"> Offering employees the opportunity to high quality training

KQ 6 What are the effects of business activity on the environment?

Traffic congestion	Delivering products, employees driving to and from work, customers travelling to the business
Air pollution	Natural, agricultural, industrial and transport

Global warming	Increase use of CO2 in the production process
The use of scarce resources	Using non – renewable resources to create and run businesses

KQ7 What are the advantages of having environmentally friendly and ethical policies?

Positive publicity for the business
Can charge higher prices
Win new customers from its competition

KQ 8 What are the disadvantages?

Using these practices can increase costs
A business must do what it says otherwise it will receive negative publicity

KQ9 – What is the economic climate?

The Economic Climate is a term that refers to the state of the economy.

This term considers whether an economy is:

- Providing a greater or smaller quantity of goods and services
- Providing customers with falling or rising incomes
- Experiencing a rise or fall in the amount that customers can spend on goods and services
- Offering more or fewer jobs for people

KQ 10 What is the impact of changing interest rates on consumers?

Lower interest rates	A fall in interest rates will lead to some consumers deciding not to save money and
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	decide to spend more as mortgages and loan repayments would be lower so they would have more disposable income.
Higher interest rates	Consumers might decide to save more money, however mortgages and loan repayments would be higher meaning less disposable income to spend.

KQ11 What is globalisation?

The process in which the worlds businesses have become more steadily interconnected.

- The volume of trade between countries has increased
- People have moved overseas to live and work and money has flowed between countries
- MNC's have grown in importance and have supplied products across the world.

KQ 12 What are the benefits of globalisation?

- Rapid growth
- Inward investment
- Cheaper resources

KQ 13 What are the drawbacks of globalisation?

- Fierce competition
- New competitors
- Threat of takeover

AQA Business Studies Revision

Year 10 Term 2

KQ13 – What is legislation?

Employment Law	<ul style="list-style-type: none">• National minimum wage• National living wage• Equality Act 2010• Maternity leave• Working hours• Right to join a trade union• Contract of employment
Health and safety law	Health and safety at work act 1974
Consumer law	<ul style="list-style-type: none">• Consumer rights act 2015 (product quality, returning goods, repairs and replacements and delivery rights.• Labelling of products• Use of customer information• Safety of products

EXTERNAL RISKS

- New competitors
- Natural disasters
- New laws

KQ 14 – How do businesses compete in the market?

- Adjusting the Price
- Developing new products
- Through advertising

KQ15- What are the risks faced by a business?

INTERNAL RISKS

- Employees going on strike
- Fire or theft
- Bad publicity
- Loss of best employees



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BUSINESS STUDIES

YEAR 10 TERM 3

Paper 1 Human Resources 3.4.2 Contracts of Employment

Subject Specific Vocabulary

Part-time – a contract that asks for employees to work for part of the normal working week e.g. work Monday to Wednesday or work 10am-2pm every day.

Employer – the business the worker, works for

Employee – the worker

Contract of employment – legal document/agreement which states the hours of work, duties, rates of pay etc. of an employee. Has to be issued to an employee 2 weeks after starting with an employer.

Full-time – a contract that asks employees to work a normal working week which can range from 35 to 40 hours a week.

Zero hours – a contract which enables employers to hire staff without guaranteeing them hours of work.

Job share – when 2 (usually) employees complete the responsibilities of one job. Person 1 may work Monday to Wednesday. Person 2 may work Thursday and Friday. May be problems with communication.

KQ – 3 Key Questions for this Topic

KQ1 – What are the benefits of full time employment for the employer and the employee?

Benefits for employer	Benefits for employee
Employees likely to have one job and therefore loyal and committed to working for that business. If staff are always there during the working week, communication is easier. Training is easier – only one person to train. Staff may be more skilled as they are at work for all the hours in a week.	Paid for more hours so therefore this can improve living standards. May be necessary for financial commitments. Promotion can be easier. Don't need to find a second job to be financially secure.

KQ2 – What are the benefits of part-time employment for the employer and the employee?

Benefits for employer	Benefits for employee
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Employees can be employed when they are needed, say at busy times in the week – customer service should then improve.

2 part-timers bring 2 sets of skills/expertise/ specialist knowledge – employees may not be needed all through the week, but yet the business benefits from both sets of skills.

Flexible – part-timers may be prepared to cover for colleagues then they are sick or on holiday.

Work can be fitted around other commitments e.g. caring for elderly relatives or children.

May suit people as they approach retirement – some work is a solution to winding down from work.

KQ3 – What are the issues with zero hour contracts?

- Employer does not have to offer any work, nor does the employee have to take the work offered.
- Good for businesses where there are fluctuations in demand e.g. hotels
- Cost efficient for businesses as they don't pay workers when they are not needed.
- Employees cannot rely on getting work. It may suit those that might like to earn extra when they are not busy.
- Employees are sometimes concerned that if they turn down work, it may not be offered again in the future.

Paper 1 Human Resources 3.4.3 Motivating Employees

Subject Specific Vocabulary

Motivation – need to achieve the best from staff, who feel valued.

Productivity – how much is produced by an employee

Financial/Monetary motivation – using money to motivate

Non financial/monetary motivation – methods to motivate staff but does not include money.

Job enrichment – making a job more interesting by varying the tasks – making more challenging.

Salary – a fixed monthly payment to get the job done

Wage – payment per hour usually e.g. manual workers

Commission – Extra money paid to staff which is linked to the sales they achieve for the business.

Management style – how line managers treat their staff

Autocratic – decisions made by managers without consulting staff. Usually less motivating.

Democratic – decisions made by managers in consultation with staff. Usually more motivating.

Fringe benefits – a reward which is not part of the worker's income e.g. staff discount, gym membership, free health insurance

Piecework – payment according to numbers produced e.g. paying an employee for every basket of fruit they fill when harvesting a crop. Quality can suffer.

KQ – 3 Key Questions for this Topic

KQ1 – Why are the benefits of a motivated workforce?

- Improved employee retention rates
- Increased productivity
- Increased sales
- Improved recruitment and selection
- Happy staff – customer service improves

KQ2 – What are examples of non-financial motivation?

- Job enrichment
- Management styles – democratic is more motivating than autocratic.
- Fringe benefits
- Training – often coupled with job enrichment as an employee may need more training if they take on a more challenging job.

KQ3 – What are examples of financial motivation?

- Salaries, wages and piecework – at least the National Minimum Wage/National Living Wage have to be paid.
- Commission – used by sales companies
- Profit sharing e.g. John Lewis and Zara

Paper 1 Human Resources 3.4.1 Organisational Structure

Subject Specific Vocabulary

Centralisation – where major decisions are made by one (or a few) senior people in an organisation.

Chain of command – the links between directors and workers in an organisational hierarchy.

Decentralisation – where decision making is shared between different people in an organisation.

Delaying – removal of layers of management in an organisational structure.

Delegation – giving responsibilities to another person, usually more junior in the organisation.

Layers of hierarchy – the different levels of authority in a business.

Line manager – an employee's immediate boss.

Span of control – the number of workers that report to one manager in a hierarchy.

KQ – 8 Key Questions for this Topic

KQ1 – Why do businesses have internal organisational structures?

- So people know their job and responsibilities throughout the business
- So people know who does what in the business

KQ2 – What is an organisational structure?

- Shows how employees are organised in a business.
- Businesses have hierarchies – layers of employees with different responsibilities

- Usually shown as an Organisational Chart/Tree
- Directors at the top, then managers, then supervisors and then the workers or operatives
- The chain from top to bottom is called the chain of command and responsibility is delegated passed on to the people below. Organisational structures show how many workers report to each manager – i.e. the span of control.

KQ3 – What are the characteristics of a tall structure?

- Long chain of command – communication can be slow and difficult. Face to face communication is difficult - emails can help when passing on information.
- More layers of management – good for motivation and career progression of employees
- Narrow span of control – employees are monitored closely

KQ4 - What are the characteristics of a flat structure?

- Short chain of command – communications are quicker, fewer layers to pass through
- Managers have wide span of control – can be difficult to manage all workers
- Verbal communications can still be difficult – emails help.

KQ5 – What are the characteristics of centralisation?

- Major decisions made at the top – quick decision making possible but may take time to filter down to employees
- Managers at the top – usually experienced and policies should be the same throughout the business.
- Gives power to the top – may be out of touch/lack expertise and make bad decisions

KQ6 – What are the characteristics of decentralisation?

- Shared out authority or decision making e.g. to regional managers (less pressure on senior managers)
- Regional managers should have expert knowledge in their area (more motivating if authority is delegated)
- Quick decision making as regional managers have authority to make decisions
- Inconsistencies can develop between departments/regions (aims and goals need to be understood by all employees)
- Training may be needed for those with decentralised responsibilities

KQ7 – How can businesses decide on the most appropriate structure?

- Size of the business – small businesses may have flat centralised structures
- Cost – taller structures cost more money as there are lots of managers.
- Skills of the workforce – some need less supervision, some need more
- Skills of the managers – some may not be skilled in managing large teams

KQ8 – How can people in businesses communicate?

- Meetings
- Emails
- Video-conferencing
- Intranets
- Telephone calls
- Letters

Remember that people in businesses communicate within the business (up and down and sideways), they communicate with customers, suppliers and other stakeholders too.

Paper 1 Human Resources 3.4.2 Recruitment

Subject Specific Vocabulary

CV – Curriculum Vitae which is a summary of a person's personal details, qualifications, skills and interests which may be requested by an employer of a potential employee.

External recruitment – advertising outside of the business for a new employee.

Internal recruitment – advertising a job within the business resulting in employing someone already working for the business.

Job analysis – the manager decides what is needed by the business i.e. the information about the job is collected.

Job description – includes the duties of the job, the purpose of the job, who the person reports to and who reports to them.

Person specification – lists the qualifications, skills, experience needed to do the job.

Recruitment – the process to find the correct employee for a business.

Selection – choosing the right person from all those who have applied for the job.

Shortlisting – the process by which a business decides from all applicants, who they want to interview. This may involve requesting references from previous employers.

Staff retention – holding on to staff. The proportion of staff who remain with the business for over a year is the retention rate.

KQ – 6 Key Questions for this Topic

KQ1 – Why do businesses need to recruit employees?

- If the entrepreneur in the start-up business does not have all the necessary skills
- If the business needs to grow by increasing its production or moving into a new market i.e. diversification
- If employees leave for a different job, retiring or to care for children or elderly relatives.

KQ2 – Where are jobs advertised?

This depends on whether the recruitment is internal or external and the size of the business. Places may include:

- Notices in the workplace/Shop window
- Recommendation/Word of mouth
- Internal website or external website
- Jobcentre Plus (Dept for Work & Pensions)
- Newspaper or specialised journal
- Social media
- Employment agencies e.g. Reed

KQ3 – What are the benefits and drawbacks of internal recruitment?

Benefits	Drawbacks
Cheaper than external. Post can be filled more quickly. Candidates already know a lot about the firm. Managers already know the candidates. Motivating for employees.	No 'new blood' i.e. no new ideas. Still leaves a vacancy. May break up an established team that the successful person leaves. Could be jealousy from unsuccessful candidates.

KQ4 – What are the benefits and drawbacks of external recruitment?

Benefits	Drawbacks
Advert seen by more people – so new blood and someone really suited may be attracted to apply. Someone with the right skills will hopefully apply – no need for training.	Very expensive e.g. national press (only senior and specialist jobs)

KQ5 - What are the main stages in the recruitment and selection process?

- Job analysis
- Advertising the job (job description and person specification are drawn up).
- Applications via letter, CV or application form (quick to process – the business can ask the questions they want to know the answers to).
- References called to assist shortlisting. These are written by the last line manager (usually), describe the character of the applicant and are confidential. Candidate does not see reference.
- Interviewing (same questions asked of all candidates – so to be fair), can be a panel interview, designed to find out about the candidate's skills and attitude) and testing (skills tests, aptitude tests, personality tests, group tests etc.)
- Job offer to the best candidate

KQ6 – What are the benefits of an effective recruitment process?

The best staff ...

- are usually the most productive
- may not need much training
- provide a better quality output and customer service
- are happy in their work and stay. Poor retention rates are costly, reduce productivity, quality and customer service.

Paper 1 Human Resources 3.4.4 Training

Subject Specific Vocabulary

Training – gives employees the skills, knowledge and qualifications to complete their jobs.

Induction training – training provided when someone starts in a new post to familiarise themselves with the organisation they work for.

On the job training – provided in the workplace

Off the job training – provided outside the normal place of work

KQ – 6 Key Questions for this Topic

KQ1 – Why is training important?

- Improve productivity as training hopefully improves efficiency and mistakes which in turn reduces waste and hence costs.
- Improved staff motivation as staff feel valued and they can also carry out more challenging tasks so therefore are less likely to be bored.
- Improved employee retention – staff feel loyal if they have been trained and promoted.
- Improvements in quality and customer service

KQ2 – What is the purpose of induction training?

This will involve employees

- meeting colleagues and being made to feel welcome
- learning company rules and procedures
- learning how ICT systems work
- learning about their role in the business

This is all designed to ensure the employee feels confident and happy in their team, right from the start.

KQ3 – What types of on the job training exist?

- **Work shadowing** – watching a skilled and experienced member of staff at work. Should pass on good habits, but could pass on bad habits and short cuts that impact on customer service and quality.
- **Formal training sessions** – from experienced members of staff or specialist trainers brought in to train the workforce.
- **Computer-based learning** – e learning, completing tasks online

KQ4 – What are the benefits and drawbacks of on the job training?

Benefits	Drawbacks
Cheaper than off the job.	No new ideas being brought in if the

Can be targeted to the business training needs. E learning can be delivered cheaply, to a large number of people and at any time.	training is being delivered by an employee. Can take employees away from their normal jobs.
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KQ5 – What are the benefits and drawbacks of off the job training?

Benefits	Drawbacks
Brings new ideas Motivating as it is expensive – employees feel valued	Very expensive Employees can receive the training and may then leave, meaning the business doesn't benefit. Can take employees away from their normal jobs.

KQ6 - What factors will determine the type of training offered?

- How much money is available to spend on training
- The type of training required. If it is highly specialised, on the job may be more appropriate
- The skills within the business – if the area of expertise does not exist in the business, off the job will be more appropriate.