

Primary Sector: 1st stage of production; extracting raw materials

Reasons for changes in primary sector: raw materials used up, machinery replacing workers, foreign companies do it cheaper

Secondary sector: 2nd stage of production; raw material made into products

Reasons for change in secondary sector: machinery replaced workers, foreign companies do it cheaper

Tertiary sector: 3rd stage; where a service is provided for customers

Reasons for change: growth in population, increase in wealth, more leisure time, rise in customer service, competition from abroad.

4 business objectives Growth, Profit, Survival, providing a service

Conflicts:
 Profit vs Growth: Managers want growth, owners want profit
 Growth vs service: knows customers, personal touch, grows lose touch
 Survival vs profit: cant make profit and try to survive

Stakeholders: Workers, managers, owners, customers, suppliers, government, local community, competitors, interest groups

Growth: merger, take over, internal expansion.

Horizontal -same industry, same stage of production
 Backward vertical - merge with supplier
 Forward vertical - merging with a outlet for your goods

Why businesses fail
 Poor management, no demand for product, wrong location, poor cash flow, costs of running too high, too much competition, poor quality

Factors affecting location: RDA's, Government, raw materials, cost of location, target market, availability of labour, physical geography, transport and infrastructure, type of product/or service, tradition.

Communication

Internal communication - communication between employees that work inside a business.
 Vertical communication - is between different layers.
 Horizontal communication - people at same level but different departments.
 External communication - people who work in different organisations communicating.

Verbal communication
Ads
 Person can ask for direct feedback
 Can emphasise points by the tone of your voice
Disads
 If they are a lot of people message may not be heard
 Respondents could answer back
 No permanent record of the message

Written communication
Ads
 There is a record
 Receiver can re read it
 Sent to more than one person
Disads
 Not possible to check its been understood straight away
 Success depends on how well written it is

Sole Trader
 Owned by one person

Ads
 Easy to set up
 Small, less money to set up
 Owner can make all decisions
 Owners keep all the profits
 Accounts kept private
 Can respond to needs to customers

Disads
 Unlimited liability
 Money can be hard to obtain
 Costs are usually high
 Prices are usually high
 Ill health may close the business
 Owners must work long hours

Private limited (Ltd)
 Owned: Shareholders
 Run by: Managers

Ads
 Can get money from shares from family and friends
 Firm is bigger
 Limited liability
 Employ specialists

Disads
 Shares cant be sold on the stock market
 Accounts aren't private
 Expensive to set up
 Have to share profits - Dividends
 Not all decisions are made by owners

Trade Union

Do two jobs:

- Act as a pressure group
- To protect the interests of its members:
 - working conditions, hours, redundancy, unfair dismissal, safety at work, discrimination, pay, holidays

Benefits:

- Strength in numbers
- Expert advice
- Money to help pay for court cases
- Trained negotiators

Types of Industrial Action: Strike, overtime ban, work to rule

Barriers to communication

Timing, clarity, attitudes of sender and receiver, wrong method used, feedback not received or appropriate.

Leadership

Autocratic - Leader makes all decisions, workers do as asked
 Laissez-faire - Leader decides objectives workers decided how they want to achieve them
 Democratic - workers discuss plans with leader to what and how to do work

Partnership
 2- 20 people

Ads
 Responsibility can be shared
 Decisions can be shared
 Accounts are private
 Money come from two people
 Easy to set up

Disads
 Unlimited liability
 Money can be difficult to obtain
 Legal costs of drawing up a Deed of Partnership
 Possible arguments
 Problems if partners leave

Public limited (Plc)
 Owned: Shareholders
 Run by: Managers

Ads
 Sell share to general public
 Bigger - easy to nego with suppliers
 Limited liability
 Can employ specialists

Disads
 Firm can be taken over
 Accounts aren't private
 Expensive to set up
 Have to pay out dividends
 Not all decisions are made by owners

Franchise
 Using an established business' name

Ads
 Product is already known
 Easier to borrow money for past success
 Problems will have happened before
 Get support from the franchisor
 Advertising is organised and paid for my franchisor

Disads
 Franchise can be taken away
 Owner cannot make all decisions
 Cannot sell the business without permissions
 Have to make payments to the franchisor
 Supplies have to be bought from the franchisor

Motivation

Methods of Pay
 Time rate -paid hourly
 Overtime - paid more for over hours worked
 Salary - yearly some paid monthly
 Piece rate - Paid for what you do
 Commission - percentage of sales
 Bonus - Extra lump sum for achieving a target
 Profit sharing - workers get share of profits

Employment Law

- Equal Pay Act - same pay men/woman for similar work.
- Race Relations Act - all race, colour, nationality or ethic origin treated the same.
- Sex Discrimination - Males/females treated the same.
- Health and Safety - Employer responsibility to safeguard employees.
- Minimum Wage - 18-21, and 22+ earn a min.
- Employment Rights Act - don't have to give contract just a written list of duties etc within 8 weeks of employment.
- Disability Discrimination - equal opportunities to disabled people

Organisational Charts
Benefits:
 Shows who is responsible for whom, what a person is accountable for, shows lines of communication, how departments are linked.

Tall organisation - lots of layers, many managers, clear line communications
 Flat organisation - few layers, many workers to manage

Delayering - removing a layer from the hierarchy, such as managers, or laid off workers.

Employment

- Needs analysis
- Advertising the post
- Selecting from the applicants

Needs analysis:
 How many workers needed?
 What kind of workers?
 When they'll be needed

Job Description
 All about the job

Job spec/personal spec
 All about the person they want

Internal vs external

Motivation

Methods of non-Pay

- Fear
- Job rotation - people move around jobs i.e. McDonalds
- Job enrichment
- Promotion
- Fringe benefits
- Company car
- Health care
- Gym memberships
- Crèche



Training needs

- Technical needs - skills needed to use machines etc
- Personal skills - i.e. communications
- Management skills - for promotions
- New workers training
- Group working - team building
- Knowledge for new products
- Retraining

On-the-job/ off-the-job training

On-the-job
Ads

- Trainee is given individual training
- Cheaper - no travel or room costs
- Worker still produces while training
- Trained in the ways of the firm

Disads

- Trainee may not produce as much as they would when working
- Trainer may need to leave his or her work to help train the trainee
- Quality of work may be poor by a newly trained person
- Not suitable for groups of workers

Off-the-job
Ads

- Experts training
- Can use specifically designed equipment
- Change of environment

Disads

- Usually more expensive because of fees, travel and accommodation costs