



Business Studies Year10

Spring 1

Blended Learning Booklet

Unit 2

Name _____

Tutor Group _____

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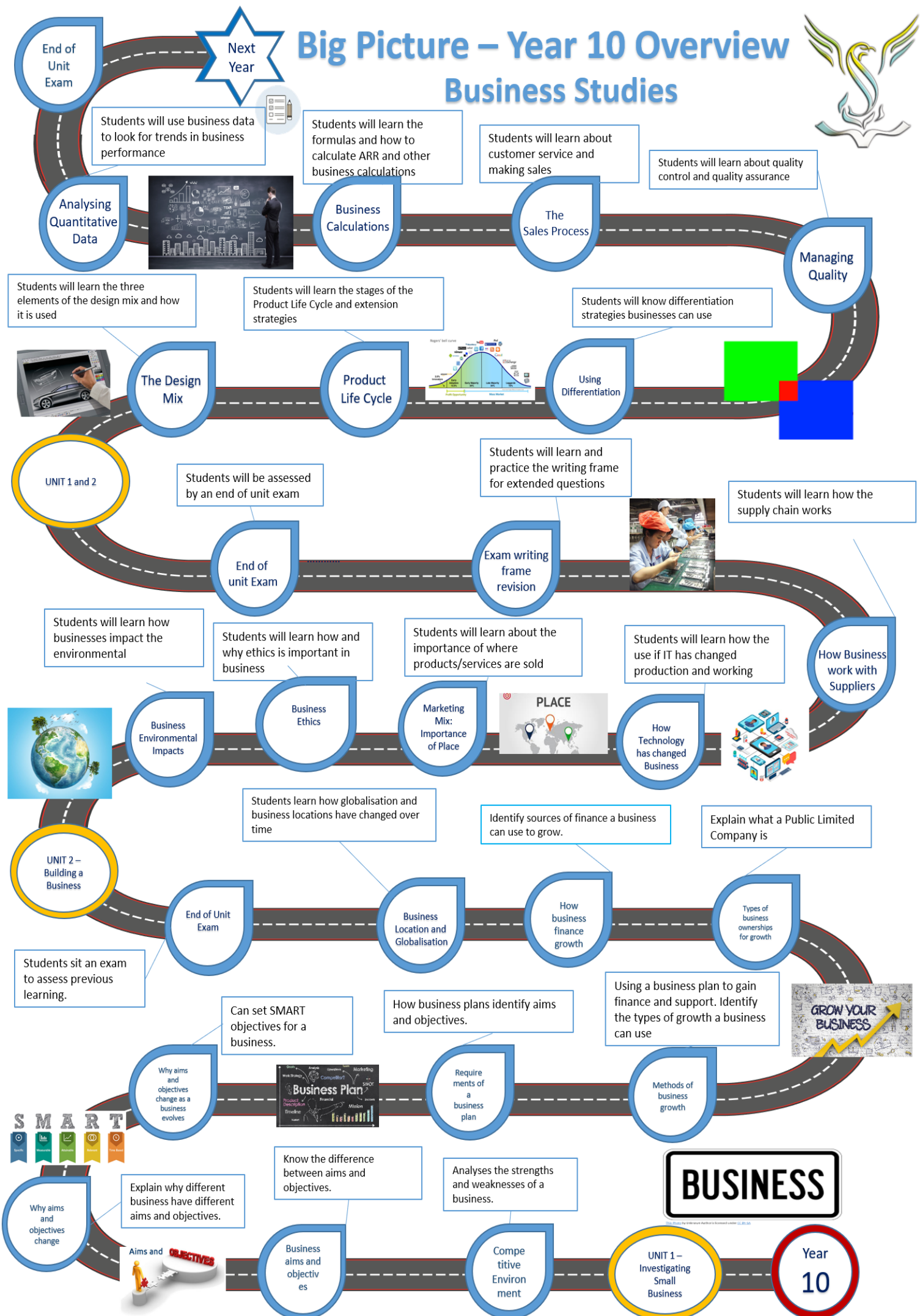
Page 11 and 12—Lesson 3

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How to use the booklet

For each topic you have the revision guide pages to read as a DART Task. This will be the basis for information. You will also need to watch the corresponding pods on **GCSE POD** and go through the online learning for the topic on **Seneca Learning**. Once you have completed this you should attempt to answer the exam questions for the topic which are included. For 3, 6, 9 and 12 mark questions, use the writing frames below. Please write your answers to 6, 9 and 12 mark questions in your Business Studies exercise book.

Writing Frame

3 Mark Questions

- ☐ ID = Identify your point
- ☐ L = Leading to
- ☐ T = Therefore

6 Mark Questions

- ☐ ID = Identify your point
- ☐ B = Because
- ☐ L = Leading too
- ☐ T = Therefore
- ☐ M = Moreover
- ☐ C = Consequently

9/12 Mark Questions

- ☐ ID = Identify your point
- ☐ B = Because
- ☐ L = Leading too
- ☐ T = Therefore
- ☐ M = Moreover
- ☐ C = Consequently
- ☐ ID = Identify your point
- ☐ B = Because
- ☐ L = Leading too
- ☐ T = Therefore
- ☐ A = Answer and justify
- ☐ I = It depends on
- ☐ M = Most importantly

Internal Organisational Structures

There could be thousands of employees inside a business — like little minions running around, doing someone's bidding... The internal organisational structure is how all of these people are organised inside the business.

Organisational Structures Organise People

- 1) It's important that a firm has a clear internal organisational structure. This makes it easy for everybody in the business to know who is responsible for what, and helps the company to make sure that it has people in every job role to deal with each of its activities.
- 2) Most firms have layers in their organisational structure.
- 3) There are four basic roles of staff, with different responsibilities, that make up the layers:
 - DIRECTORS are responsible for the business's strategy (its overall direction). The directors decide on strategy and targets at regular board meetings.
 - SENIOR MANAGERS organise the carrying out of the directors' strategy. A large firm may have middle and junior managers ranked below the senior managers.
 - SUPERVISORS or TEAM LEADERS are ranked below managers. They usually look after specific projects or small teams of operational or support staff.
 - OPERATIONAL and SUPPORT STAFF are workers who aren't responsible for other staff. They're often given specific tasks to perform by managers, supervisors or team leaders.
- 4) The directors are on the top layer of an organisational structure, and operational and support staff are on the lowest layer.
- 5) The chain connecting directors to operational and support staff is called the chain of command.
- 6) At each level, a certain amount of responsibility is delegated (passed on) to people in the level below.
- 7) The span of control is the number of workers who report to one manager.

The number of people on each layer generally increases as you go down the organisational structure.

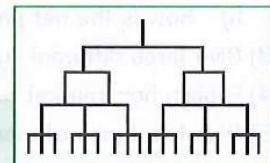
An Organisational Structure can be Hierarchical or Flat

- 1) A hierarchical organisational structure has more layers than a flat organisational structure. In a flat structure there are very few (if any) layers between directors and operational and support staff.
- 2) Whether a firm's structure is hierarchical or flat will affect communication and management in the firm:

Hierarchical Structures

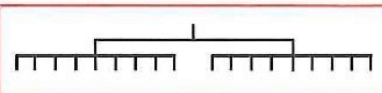
- There is a long chain of command with more layers of management.
- This can make communication between the top and bottom of the structure difficult and slow because more people need to pass on the message.
- Each manager only has a narrow span of control. This can make a firm more effective as managers can monitor the employees they are responsible for more closely.

There's more about communication within a firm on p.72.



Flat Structures

- There is a short chain of command. This means that messages can be passed on quickly.
- However, each manager also has a wide span of control. This means that each manager has to manage a lot of employees at once — it can be difficult to manage a lot of employees effectively.



Sofa in front of the TV — that's my internal organisation sorted...

Q1 KS Dentistry Ltd.'s flat organisational structure has become a hierarchical structure. Explain one disadvantage to KS Dentistry Ltd. of having a hierarchical structure rather than a flat structure.

More On Internal Organisational Structures

Firms need to decide how much **power** to give to people at **each layer** of their organisational structures.

Organisations can be **Centralised** or **Decentralised**

How much **power** and **authority** is **delegated** at **each layer** in an organisational structure will depend on whether the bosses want a **centralised** or **decentralised** structure.

Centralised Organisations

- 1) **All major decisions** are made by one person or a few senior managers at the **top** of the structure.
- 2) **Advantages** are that these senior managers tend to have plenty of **experience**, and can get an **overview** of the whole business. Policies will be **uniform** throughout the business.
- 3) On the **downside**, if all decisions need to be made by one or two people, it can **slow down** decision-making and **communication** of decisions can take a **long time** to filter through to employees. This means that the organisation reacts **slowly** to change.
- 4) Senior managers at the top of the organisational structure can become **very powerful**. But depending too heavily on a few people at the top can cause problems if those people **lack specialist knowledge** or if they 'lose their touch' and start making **poor decisions**.

Decentralised Organisations

- 1) The authority to make most decisions is **shared out** — for example, power might be delegated to **regional managers** or to more **junior employees** in individual branches of a business.
- 2) **Advantages** are that employees can use **expert knowledge** of their sector to make decisions. They don't always need to **communicate** these decisions with managers above them for approval, so changes can be made more **quickly**. This is really important in **competitive** environments, where a firm needs to respond to changes or opportunities in the market **more quickly** than its **competitors**.
- 3) Another **advantage** is that **senior managers** at the top of the organisational structure are not responsible for making as many **decisions**. This means there's **less need** for a **central office** where decisions are made (a **headquarters**), which can **decrease** a firm's **fixed costs** (see p.13).
- 4) The **disadvantages** are that **inconsistencies** may develop between departments or regions. Also, the decision-makers might not be able to see the **overall** needs of the business.

- 1) **Supermarket** chains (e.g. Tesco, Asda) have a **decentralised** structure.
- 2) **Big decisions** on things such as branding and marketing campaigns are made by directors at the top of the organisational structure.
- 3) But **each store** usually has its own **manager** who makes important decisions about the running of their store, e.g. decisions about recruiting and training staff, and controlling stock levels.

BUSINESS
EXAMPLE

Businesses Need to Choose the **Most Appropriate** Structure

- 1) The type of organisational structure a business has depends on many things, e.g. the business's **size**.
- 2) A **small** business is likely to have a **flat structure** — it's often just run by the owner without the need for any additional managers.
- 3) As the business grows and employs more staff, **managers** might be needed to help **organise** and **control** things, so the organisational structure becomes **hierarchical**.
- 4) The **bigger** the business, the greater the number of **managers** needed (and the greater the **costs**). A big business might be **easier to operate** if it **splits** into **different parts** (e.g. different regions).
- 5) Businesses often **start** with a **centralised** structure, but **decentralise** as they get **too big** to make all the decisions at the top or if it's better for **different areas** of the business to be **managed separately**.

Decentralisation — popular in the doughnut industry...

Make sure you understand why some firms prefer to have a centralised structure, while others choose to decentralise.

Internal Organisational Structures

Warm-Up

Draw circles to show whether the statements below are **true** or **false**.

- | | |
|---|--------------|
| 1) The number of people in each layer of a hierarchical structure generally decreases as you move up the hierarchy. | TRUE / FALSE |
| 2) Small firms tend to have flatter organisational structures than large firms. | TRUE / FALSE |
| 3) Team leaders are found at the top of a hierarchical structure. | TRUE / FALSE |
| 4) As a firm's organisational structure becomes hierarchical, it loses layers of management. | TRUE / FALSE |

- 1 Which of these statements describes the role of operational staff in a firm? Put a cross (X) in **one** correct box.

- | | |
|---|--------------------------|
| A They are responsible for the business's strategy. | ☐ |
| B They usually look after small teams of other staff. | ☐ |
| C They manage team leaders. | ☐ |
| D They are often given specific tasks to perform by team leaders. | ☐ |

[Total 1 mark]

- 2 Explain **one** disadvantage to a firm of having a centralised structure.

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[Total 3 marks]

- 3 Explain **one** advantage to a firm of having a hierarchical structure rather than a flat structure.

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[Total 3 marks]

- 4 Read the following information carefully and answer the questions that follow.

Houghton & Son Ltd. make light fittings for homes. When the business started it had one small store in the owners' home town and a flat organisational structure. Now the business has a head office and a chain of stores across the country. Part of the firm's hierarchy is shown in **Figure 1**.

The firm is planning to decentralise its structure, but some of the owners are reluctant to make this change.

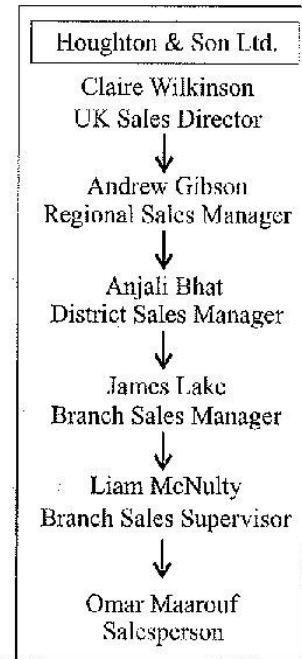


Figure 1

- a) State **one** responsibility that Claire Wilkinson is likely to have in her role.

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[1]

- b) State **one** characteristic of a flat organisational structure.

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[1]

- c) Outline **one** reason why Houghton & Son Ltd employed more managers as the company grew.

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[2]

- d) Analyse the impact on Houghton & Son Ltd. of decentralising its structure.

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[6]

[Total 10 marks]

Exam Practice Tip

Make sure you know what it means if an organisational structure is described as being flat, hierarchical, centralised or decentralised. You should also be able to explain why certain structures are suited to some businesses better than others.



Communication

Communication is very important in business — it involves more than just having a natter at the water cooler.

Firms Have to Overcome **Barriers to Communicate Effectively**

- 1) Effective communication in a business is really important — it means that different areas of the business work well together, and that everyone in the business knows what they should be doing and why. It can improve staff motivation as staff will know what's going on in the firm and are likely to feel more confident that they're doing their job properly.
- 2) In order to communicate effectively, messages need to reach the people that need to receive them without unnecessary delay and without being misinterpreted.
- 3) Firms need to overcome barriers to communication in order to communicate effectively. These include:



- Noise — it's difficult to hold a conversation in a noisy environment, such as a busy factory.
- Personalities — some employees may feel uncomfortable communicating with other people in the firm because, e.g. they don't get on personally or feel they are unapproachable.
- Distance — many businesses operate across different sites, sometimes many miles apart, so it can be difficult to speak to people face-to-face.
- Jargon — technical language used in one department may not be understood by people in other departments.

Face-to-face is one of the most effective ways to communicate — body language can help express the message and it's easy to confirm the message has been properly received and understood.

Too Little or Too Much Communication Can Cause Problems

Businesses need to get the balance right between having insufficient (not enough) and excessive (too much) communication.

Insufficient Communication

- 1) Insufficient communication can lead to inefficiency. People may be slow to receive important messages about what they should be doing, meaning time and money is wasted on them doing things incorrectly. It may also mean that information isn't passed on between different departments or teams — this may mean that some tasks end up getting done more than once, or are not done in ways that are best for the business as a whole.
- 2) Insufficient communication can demotivate staff. They may feel frustrated if a lack of communication is stopping them from doing their job properly. Also, they may not feel valued if they're not told about things that are going on in the firm.

There's more on why it's important to keep staff motivated on page 76.

Excessive Communication

- 1) Excessive communication can lead to inefficiency. It takes time to pass on and receive messages — if people are frequently involved in communication about things that don't directly affect them it can waste valuable time. People may also start to take less notice of messages, and miss out ones that are important to them.
- 2) Excessive communication may mean many people are trying to pass on the same message — employees may get conflicting information from different sources and there may be confusion over which information is correct. This can lead to time being wasted while the workers find out the correct information, or mistakes being made while workers follow the wrong information. Both of these things reduce efficiency and productivity, which can reduce output.
- 3) Staff may feel demotivated by excessive communication — they may feel overwhelmed with all the information they are receiving and annoyed if it's affecting their ability to do their job well.

Thumping people you don't like = bad communication...

Poor communication can lead to inefficient and badly-motivated employees — and that's never gonna end well.

Communication

- 1 Explain **one** reason why effective communication in a business is important.

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[Total 3 marks]

- 2 Read the following information carefully and answer the questions that follow.

White Days are a firm that manufacture goods, such as washing machines and tumble driers. The firm has manufacturing sites in the UK, the USA and Germany.

One of the main products made at the UK site is washing machines. One year the firm decided to change one of its suppliers. This meant that the screws that it was ordering were smaller than the screws from the original supplier. Shortly after this change, assembly line staff in the UK were unable to use the new screws to fasten hinges onto washing machine doors securely. The assembly line supervisor told the workers to carry on using the remaining supplies of their old, larger screws to solve the problem in the short-term.

Two days later, managers of the UK site visited the factory floor and told workers operating the drilling machine to drill smaller holes for the new screws. Before long, workers fitting the hinges noticed that the screws they were now using were too big to fit the holes that were being drilled. The assembly line supervisor told workers operating the drilling machine to drill bigger holes again. The workers were reluctant to do this as they were following the managers' instructions.

Three months earlier the site in Germany had encountered the same problem from using the same new screw supplier for its tumble driers, but had solved the problem straight away.

- a) State **one** barrier to communication within White Days.

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[1]

- b) Analyse the likely impact of insufficient communication on White Days.

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[6]

[Total 7 marks]



Ways of Working

All employees have a **contract of employment** — a **legal agreement** between **themselves** and their **employer**. The contract includes details about the **way** the employee works, e.g. how many hours they are required to do.

Employment Can be **Full-Time** or **Part-Time**

- 1) Working **full-time** usually means around **35-40 hours** a week. **Part-time** staff work 'less than a full working week' — usually **between 10 and 30 hours** per week.
- 2) Some people **prefer** to have a **full-time** job, or **need** to work full-time for financial reasons. Other people work **part-time** so they can spend more time with family or on other interests.
- 3) There are pros and cons of both types of employment for **businesses**. Full-time staff are good if there's enough work for them to do, since they are likely to have only one job and so the business will have more **control** over the hours they work. But employing staff **part-time** can make more **financial sense** if a business is only really busy at certain periods. It also means they can fill in when other staff members are **absent** (e.g. due to sickness or holidays).

Staff Can Work **Flexible Hours**

- 1) Employees that have been with a firm for at least 26 weeks can request to work **flexibly** — this is when **working hours** and **patterns** are adapted to **suit the employee**. E.g. a full-time employee might be allowed to work their 37 hours over **four days**, rather than the usual **five days**. This can be very **motivating** for staff as it makes it **easier** to fit **other commitments** around their working life.
- 2) Some employees have **zero hour contracts** — this means that the employer **doesn't** have to offer them **any work** at all. Nor does the employee have to **accept** any work that is offered to them. The contracts are used in businesses where there can be lots of **fluctuation** in demand, e.g. hotels. They are a **cheap** form of labour for businesses — they don't **waste money** paying staff when they're not really needed.

Employees Can be **Permanent**, **Temporary** or **Freelance**

- 1) A **permanent** contract of employment has **no end date**. The person **stays** at the firm unless: (i) they choose to leave, (ii) they're dismissed for misconduct, (iii) their job is made redundant.
- 2) A **temporary** contract is for **a fixed period** (e.g. six months, one year, or whatever). At the end of the period, the contract can be **renewed**, or the person can **leave** the company.
- 3) A **freelance** contract is when a **self-employed** person is recruited by a company, usually to work on a **specific project**. Freelancers can usually be **hired** and **dismissed** at **short notice**.
- 4) **Temporary** and **freelance** contracts can make it **easier** for the firm to employ people with **particular skills** for a **particular period** (without the commitment of a permanent contract). This can make it easier to **adjust** the number of staff according to the **needs** of the business.

Technology Has Had an **Impact** on the **Ways** Employees Work

- 1) Advances in technology have made processes **more efficient** — e.g. many **repetitive** tasks can be done much **faster** and more **accurately** by **computers** than by staff. Working with technology is now a much **bigger part** of people's jobs, which has changed the way many people work.
- 2) Technology has made it **easier** for employees to **share information** and **communicate** with each other. E.g. **documents** can be put onto a firm's **intranet** so they can be accessed by employees in **any location** at **any time** (as long as they have an internet connection), employees can communicate via **emails** and **video calls**, and **mobile devices** allow people to **communicate** from many **different locations**.
- 3) This has impacted on the **ways** that people work. E.g. it's easier for employees to work **remotely** (i.e. in locations **away** from their employers' offices, such as at home or on a beach in the Maldives).

I'm very flexible — one of those zero hour contracts will suit me fine...

There's lots to learn on this page — see if you can write a mini-essay about the different ways of working.

Ways of Working

- 1 Which of the following describes a part-time contract of employment? Put a cross (X) in **one** correct box.

- | | | |
|---|--|--------------------------|
| A | It means the employee generally works between 35 and 40 hours per week. | ☐ |
| B | It means the employee doesn't have to accept any work that is offered to them. | ☐ |
| C | It means the employee generally works between 10 and 30 hours per week. | ☐ |
| D | It is only for a fixed period of time, e.g. six months. | ☐ |

[Total 1 mark]

- 2 Read the following information carefully and answer the questions that follow.

Greta Designs is a graphic design company which designs logos. When the company first started, clients would visit the firm's offices to discuss ideas for their logos and watch as the designers sketched ideas. The client would return several days later to agree on a finished design. These days, clients complete an enquiry form on the firm's website to outline their design needs. One of the graphic designers then takes on the project and uses computer software to come up with several designs, which they email to the client. The client can then give feedback on the designs via email, an instant messaging service or video call. Greta Designs employs eight permanent graphic designers, who work flexibly. Some designers choose to work from the company's office, but most of the designers work from home.

Jen is a self-employed graphic designer. She has been recruited to work for Greta Designs for a specific project which she carries out in addition to commissions from other companies.

- a) State **one** way in which Greta Designs' permanent graphic designers may work flexibly.

..... [1]

- b) State what kind of working contract Jen has with Greta Designs.

..... [1]

- c) Analyse the positive impact of technology on ways of working at Greta Designs.

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[6]

[Total 8 marks]



Recruitment

Recruitment is the process of finding that special someone — that is, the best person to do a job. Businesses need to recruit people to increase their size, to gain new people with expertise or to replace staff that have left.

Businesses Need to Be **Clear** About the Job on Offer

There are several steps involved in recruitment — job analysis, advertisement and selection.

1) Job analysis is where a firm thinks in depth about every little detail of the job in question.

2) The business then advertises the job. This usually includes two documents — a job description and a person specification, which are produced from the job analysis.

- **Job description** — includes the formal title of the job, the main purpose of the job, the main duties plus any occasional duties. It will also state who the job holder will report to, and whether they will be responsible for any other staff.
- **Person specification** — lists the qualifications, experience, skills and attitudes needed for the job.

3) Then the business has to go through the candidates that apply and select the best one.

A Firm can Recruit People **Internally** or **Externally**

The purpose of a job advert is to get as many suitable people as possible to apply for the job.

Firms can use job adverts to recruit internally or externally:

- **INTERNAL RECRUITMENT** involves recruiting current employees into new roles. The job position is advertised within the company.
- The advantages are that it's much cheaper, the post can be filled more quickly, the candidates will already know a lot about the firm, and bosses may already know the candidate well.
- On the downside, there will be no 'new blood' or new ideas, and the employee's move will leave a vacancy to fill.
- **EXTERNAL RECRUITMENT** involves recruiting from outside the business. The job can be advertised in lots of places, e.g. the local and national press, job centres, trade journals and employment websites.
- An advantage is that the job advert will be seen by more people, so it's more likely that the firm will find somebody really suited to the job.
- However, advertising externally isn't cheap — only specialist and senior jobs get advertised in the national press because it's very expensive.

The business's needs determine which method of recruitment they use. E.g. internal recruitment may be used for a job which requires an in-depth knowledge of the firm's processes, whereas external recruitment may be used if a lot of new recruits are needed at once or no one in the firm has suitable qualifications.

CVs and Application Forms Help a Firm Select the **Best Candidate**

Most firms ask candidates to send a written application for a job — these are used to decide who to interview.

- 1) A curriculum vitae (**CV**) is a summary of a person's personal details, skills, qualifications and interests. It's written in a standard format to give the firm the basic facts. Almost all firms ask for a CV.
- 2) Many businesses also ask candidates to fill in an application form. These forms give the firm the information it wants — and nothing else. This means they're much quicker to process and more relevant to the job than open-ended letters written by the candidates.
- 3) Many companies now like to use online application forms, where applicants fill in their details on the company's website. This allows the company to compare the applications using computer software.



Lonely business WLTM right person for cuddles hard graft...

Q1 A furniture manufacturer is recruiting staff for a new showroom. An advert for the role has been put up on noticeboards around the furniture factory. The advert includes a person specification.

- a) Outline what a person specification is.
- b) Give two advantages of the firm advertising the role internally rather than externally.

Recruitment

- 1 Which of the following things would be included in a job description? Put crosses (X) in the two correct boxes.

- | | | |
|---|--|--------------------------|
| A | The skills needed for the job. | ☐ |
| B | The main purpose of the job. | ☐ |
| C | The formal title of the job. | ☐ |
| D | The experience needed for the job. | ☐ |
| E | The qualifications needed for the job. | ☐ |

[Total 2 marks]

- 2 Read the following information carefully and answer the questions that follow.

Jasmine owns Calm Days a chain of beauty salons. She currently has a vacancy for a nail technician in one of her salons. She is looking for someone who already has some experience in a similar role and who will fit into the chatty, informal environment of her salons. She has advertised the vacancy on an employment website and has had lots of people applying for the job. She has made a shortlist of the candidates she is going to invite for an interview.

- a) State **one** document Jasmine may have asked candidates to send to her in order to apply for the job.

[1]

- b) State **one** disadvantage of recruiting externally rather than internally.

[1]

- c) Outline **one** reason why Jasmine may have decided to recruit externally rather than internally.

[2]

- d) Jasmine didn't include a person specification in her advert. Outline **one** reason why it may have been useful to include one.

[2]

[Total 6 marks]



Training and Development

Training employees helps them to keep developing their skills, so they can be brilliant at their jobs.

There are *Different Types of Training*

- 1) Staff need training when they start working for a company so that they know how to do their job.
- 2) But even when they've been working for a company for a while, employees still need ongoing training. This could be to retrain them so they learn new processes or how to use new technology, or just to help them develop so that they're doing their job as well as possible.
- 3) Many firms plan the training they want their employees to have, but in some firms employees are encouraged to self-learn — this is where employees seek out their own training and development. E.g. they might be given access to online videos, apps and courses which teach different skills. They can pick and choose what they want to learn depending on where they want to take their career.

Training can be *Informal...*

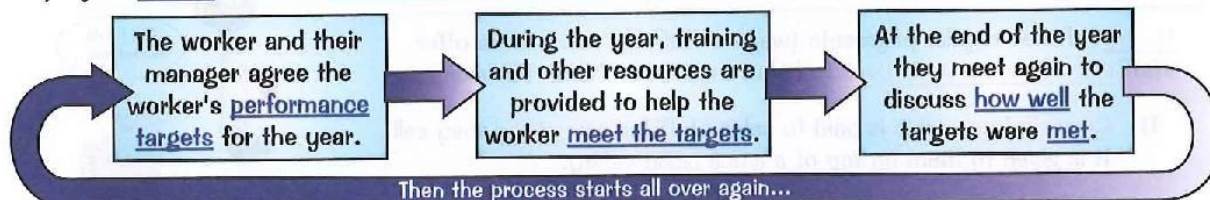
- 1) Informal training is usually done 'on-the-job' — the employee learns to do their job better by being shown how to do it, and then practising.
- 2) There is no strict plan to the training and it is usually given by other workers.
- 3) It's cost-effective for the employer because the employee works and learns at the same time.
- 4) A problem is that bad working practices may be passed on.

...Or *Formal*

- 1) Formal training often involves a set plan with learning objectives and a schedule.
- 2) The training can involve learning in a firm's training department or away from the workplace, e.g. at a local college.
- 3) It's more expensive than informal training, but it's often higher quality because it's usually taught by people who are better qualified to train others.

Performance Reviews Help Employees to Develop

Performance reviews can also play a part in employees' training and development — this is when firms set employees targets and then review their performance to make sure they're developing as they should. E.g.:



People who meet or beat their targets may be rewarded with higher pay or a promotion. If a worker doesn't meet their targets, the manager can decide what training or support they might need to help them improve.

Training and Development has *Many Benefits*

- 1) Training and development can make staff more productive — it makes staff better at their jobs, which means they may work faster. This could lower the business's unit costs (see next page).
- 2) Training can help staff stay up to date with changes in the business, such as knowing how to use new technology.
- 3) Overall, training and development is likely to make staff feel motivated — it shows the firm is interested in how well staff are doing their jobs and are willing to help them improve, and it makes staff feel like they're progressing in the firm. This might increase staff retention — see next page.

Staff retention is when a business keeps its staff.

'Bruno... Fetch me my slippers!' Sorry, just trying to train my Staffie...

Good training motivates staff, which may make them work harder and be more likely to stay in a firm. Happy days.

Training and Development

Warm-Up

Circle the examples of **formal** training below.

Warehouse staff are sent on a course so they can gain a forklift truck licence.

Trainee chefs work alongside qualified chefs in a hotel kitchen.

A call centre worker listens to several colleagues taking calls before they answer calls themselves.

A bank assistant attends a college course to gain mortgage advisor qualifications.

A website designer is shown how to use a new piece of software by a colleague.

Care workers are taught sign language by a tutor from the British Deaf Association.

- 1 Explain **one** benefit to a business of using informal training.

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[Total 3 marks]

- 2 Read the following information carefully and answer the questions that follow.

Peckers is a firm that makes electrical components. They have recently invested £2 million in a project to modernise their warehouse. The money invested was spent on new technology that locates and picks items that have been ordered, a warehouse extension, the recruitment of a new warehouse manager and retraining for existing warehouse staff.

- a) State **one** reason why part of the money Peckers invested in its project was spent on retraining existing warehouse staff.

.....

[1]

One of the roles of the new warehouse manager will be to conduct performance reviews for his staff. He hopes this will help the warehouse workers to be better at their jobs, which he feels could help to improve Peckers' rate of staff retention.

- b) Outline how performance reviews may help to make warehouse workers better at their jobs.

.....

.....

[2]

- c) Outline how training workers may improve staff retention at Peckers.

.....

.....

[2]

[Total 5 marks]



Motivation

This page covers some **financial methods** for **motivating** staff. Basically, the more **money** you give people, the more **valued** they'll feel and the **happier** they'll be doing their job — who'd've thought...

Motivated Staff are More Productive

- 1) Motivated staff work harder, which leads to **high productivity** — workers want the firm to do well and so do their jobs as **well** as they can to help this happen.
- 2) Staff who are **motivated** and **happy** in their jobs are more likely to **stay** with the firm. Having a high level of **staff retention** is good for a firm as it means less **time** and **money** is spent having to recruit and train new workers, which **reduces** the firm's **costs**.
- 3) Having highly motivated staff may also **attract new employees** to the firm. This makes recruiting new staff **easier** because there are likely to be **lots of applicants** for vacancies.

Being more productive means staff can produce goods faster or using fewer resources. This reduces the unit cost of each item produced.

Financial Motivation can be Wages or a Salary

- 1) Most people get **remuneration** (payment) for the **work** they do for an employer (some people might not, e.g. if they're doing **voluntary** work).
- 2) Often, the **more** that a worker is paid, the **more motivated** they feel to do their job.
- 3) Workers can be paid with **wages** or with a **salary**.
- 4) **Wages** are commonly paid **weekly or monthly** — usually to **manual** workers. The **amount paid** is based on the **amount of work** that the employee does.
- 5) A **salary** is a **fixed** amount paid every **month** — this doesn't change even if the number of hours worked does change. It is usually paid to **office staff** who do not directly help to make the product. A salary of £24 000 means you are paid £2000 per month.
- 6) The advantage of a salary is that the firm and workers both **know exactly** how much the pay will be. However, it **doesn't** link pay directly to **performance**, so it doesn't encourage employees to **work harder**.

Employers can Give Staff Financial Extras

On top of their regular payments (wage or salary), some firms offer staff **extra financial incentives** to help to motivate them. For example:

- 1) **Commission** — this is paid to sales staff for **every item** they sell. It is given to them on top of a **small basic salary**.
- 2) **Bonus** — a **lump sum** added to pay, usually once a year. It's commonly paid if the worker (or the firm) has met their **performance targets**.



- **John Lewis Partnership** is a business that employs around **90 000 permanent staff**.
- One of the main aims of the business is to keep its employees as **happy** and **motivated** as possible.
- Each year, John Lewis Partnership gives a **proportion** of its **profits** to its employees as a **bonus**. Each employee gets a **percentage** of their **salary**.

BUSINESS EXAMPLE

- 3) **Fringe benefit** — any reward that is not part of a worker's **main income**. Examples include **staff discount** on the firm's products, the use of a **company car**, **gym membership**, a daily **meal allowance** or free **health insurance**. All of these perks **cost** money for the business, and **save** it for the worker.



Financial rewards — I'm in it for the money, innit?

- Q1 A hotel's rate of pay for a cleaner is higher than that of other local hotels. Explain how this might affect the productivity of the cleaners.

More On Motivation

Now, some more ways that firms try to keep their minions happy and stop them from wandering off. First up is another financial method (promotion), and then three methods that don't involve throwing cash around...

Promotion Can Boost Motivation

- 1) Employees can be trained to learn new skills. This means they can start to take on new tasks and have greater responsibility.
- 2) This may lead to them getting a promotion, which is likely to mean they get paid more. So promotion (and the opportunity to get promoted) can motivate staff.

A promotion is when an employee is given a higher status or position within a firm.

Job Rotation Gives Workers a Change Now and Again

- 1) A lot of production jobs are boring and repetitive, e.g. working on a factory assembly line. Job rotation reduces this by occasionally moving workers from one job to another.
- 2) This motivates workers as they don't get so bored. They also learn to do different jobs, so if someone's ill, someone else will be able to cover.
- 3) The problem is that if one boring job is replaced by another it doesn't improve job satisfaction.



Job Enrichment Gives Workers Better Things to Do

- 1) Job enrichment is when a worker is given greater responsibility — for example supervising the work of new staff.
- 2) As a worker becomes good at their job they become more productive — they can do the same work in less time. So, giving workers more responsibility can stop them from feeling that their increased productivity is being punished by more of the same work.
- 3) It gives workers new challenges and so may motivate them to work harder.
- 4) A problem is that they may expect a pay rise as well. Some people are never happy...

Autonomy Gives Workers a Chance to Make Their Own Decisions

- 1) Autonomy means giving workers the freedom to make their own decisions. Workers may be told their overall goal but not told specifically how they should achieve it.
- 2) This responsibility motivates workers as it makes them feel trusted and like their contribution is valued.

- 1) Ranbir Singh owns a small chain of hotels in the North of England. Each hotel has a head chef in its restaurant.
- 2) Ranbir gives each head chef autonomy over the menus in their restaurant. Ranbir decides how profitable the menu should be, but leaves it up to the head chef to decide what dishes go on the menu, where the ingredients will come from, the price of each dish, etc.

BUSINESS
EXAMPLE

Tasty food = auto-nom-nom-nom-y...

Managers have loads of tricks to keep workers motivated and working hard. Make sure you learn all the methods here and on the previous page. Remember, there are five financial methods (remuneration, commission, bonuses, fringe benefits and promotion) and three non-financial methods (job rotation, job enrichment and autonomy).

Motivation

- 1 Which of the following best describes what is meant by remuneration? Put a cross (X) in **one** correct box.

A Payment given to employees for the work that they do.

100

B A lump sum of money added onto payment once a year.

5

C Giving an employee a higher position in the business.

9

D Making sure employees meet their performance targets.

7

[Total 1 mark]

- 2 Read the following information carefully and answer the questions that follow.

O₂ is a large telecommunications firm. Employees of O₂ can get fringe benefits such as discounts off O₂ products for themselves and their friends and family, discounts off gym memberships and high street shopping discount vouchers.

- a) Define the term 'fringe benefits'.

[1]

[1]

- b) Outline why O₂ gives its employees fringe benefits.

[illegible]

[2]

[Total 3 marks]

- 3 Discuss how a firm can use non-financial methods to motivate its employees.

[The page contains faint horizontal lines suggesting bleed-through from another document.]

[Total 6 marks]

- 4 Read the following information carefully and answer the questions that follow.

Packman's Glazing is a business that sells doors and windows. They pay their junior sales staff an annual salary of £15 000. On top of their salary, sales staff also get 5% commission on each sale they make.

Managers give junior sales staff the contact details of customers that have enquired about doors and windows and a monthly target of how many sales they should make. Junior sales staff who regularly meet their monthly targets are more likely to be promoted.

In recent months, Packman's Glazing have lost two of their junior sales staff to a new, rival firm. One of the factors that persuaded the staff to move was the rival firm's pay scheme. They don't pay sales commission, but they pay junior sales staff an annual salary of £24 000.

- a) State **one** method of financial motivation used by Packman's Glazing.

[1]

- b) Define the term 'promotion'.

[1]

- c) Drew is a junior salesman at Packman's Glazing. In March his sales totalled £19 000 and his income from his salary before tax was £1250. Calculate the total amount that Drew would have been paid in March before tax. Show your working.



£ [2]

- d) The owners of Packman's Glazing are considering two options for how they pay their sales staff.

Option 1: Stay with their current pay scheme.

Option 2: Pay their staff a salary of £24,000 and remove commission.

Justify which **one** of these two options Packman's Glazing should choose.

Write your answer on a separate piece of paper.

[9]

[Total 13 marks]

Exam Practice Tip

Don't worry if you get given information in the exam about a method of motivation that you haven't heard of before. Just remember, motivational methods all have the same, basic outcome — they make workers feel more valued, better rewarded and generally happier to go to work each day. This can make workers more productive and less likely to leave.



GCSE Business Studies – Year 10 Autumn Term

Knowledge and Understanding	Skills
Pupils can explain and answer questions on the following topics: Factors influencing business location The impact of globalisation on businesses Barriers to international trade How businesses compete internationally The impact of ethical and environmental considerations on businesses Methods of distribution The purpose of business operations Production processes Impacts of technology on production Managing stock The role of procurement	Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology (AO1b). • Detailed application of knowledge and understanding of business concepts and issues to the business context throughout (AO2). • Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning (AO3a). • Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues (AO3b).
	Sound application of knowledge and understanding of business concepts and issues to the business context although there may be some inconsistencies (AO2). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a). • Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made (AO3b).
	Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places (AO1b). • Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies (AO3a).
	Pupils can answer exam questions identifying one impact point and two linked strands. Pupils can use the correct calculations and formulas to answer numerical questions. Limited application of knowledge and understanding of business concepts and issues to the business context (AO2). • Attempts to deconstruct business information and/or issues, finding limited connections between points (AO3a).