• **Stakeholders**: a person with direct interest with the performance of business.
  - **Owner**: return in investment, growth, high status, profit
  - **Managers/workers**: job security, high salary, job satisfaction
  - **Customers**: reliable products, good quality, value for money
  - **Government**: unemployment decrease, taxes, GDP increase
  - **Banks**: expect to repay money lent with interest
  - **Community**: Employment, environment, safe products

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**Chapter 6- Motivational Theories**

- **Motivation**: reason why employees want to work hard for a business
- **F.W Taylors’ Theory**: money is the main motivator. If workers get paid more, they will work harder.
  - **Cons**: too simplistic, not everyone motivated by money alone
- **Abraham Maslow’s Theory**: Hierarchy of Needs

![Maslow's Hierarchy of Needs Diagram]

- **Herzberg’s Two Factor Theory**:

  ![Herzberg's Two Factor Theory Diagram]
Chapter 8 - Recruitment, Selection & Training Workers

- Recruitment: identify need for new employee & encourage people to apply for vacancy
  - Job Description: Duties & responsibilities of job
  - Job Specification: Requirements, qualification & experience needed
  - Advertising Vacancy: Can be Internal or External recruitment
    - Pros (Internal): Business already know worker, easy & fast
    - Cons (Internal): No new ideas, jealousy & rivalry
  - Contract: Chosen candidates given contract can be full-time or part-time
    - Pro (Part-Time): flexible, cheaper
    - Con (Part-Time): less committed, difficult to communicate

- Training: improve worker efficiency, skill, knowledge and motivation
  - Induction: introduction to employee
    - Pros: settle in quicker, less likely to make mistakes
    - Cons: waste time, wages paid but no work done
  - On-the-job: Trained by watching more experienced worker
    - Pros: work done while training, cheaper the off-the-job
    - Cons: bad habits of trainer passed down, trainer less productive
  - Off-the-job: trained away from work place, usually in classrooms
    - Pros: more skills taught, taught be experts, no time wasted
    - Cons: expensive, easier for employee to leave company

- Workforce Planning: deciding size of workforce needed for the future
- Downsizing: reduce number of workers
  - Dismissal: worker told to leave due to unsatisfactory work behavior
  - Redundancy: worker asked to leave as business don’t need the worker anymore
    - Factors: age, relevance of job, salary, performance/mistakes, length of service

- Legal Controls: minimum wage, health & safety, unfair dismissal/discrimination

Chapter 9 - Internal & External Communication

- One-Way Communication: receiver does not reply/give feedback
- Two-Way Communication: there is reply/feedback, both parties involved
- Internal Communication: between people inside the organization
- External Communication: between other organization/individuals

- Verbal Communication
  - Pros: quick, immediate feedback
  - Cons: no record, might get lost & forgotten

- Written Communication
  - Pros: quick & cheap, evidence, reach many people
  - Cons: no direct feedback

- Visual Communication
  - Pros: appealing & attractive, make message clear
  - Cons: no feedback, other methods need to be used alongside

- IT-Based Communication
  - Pros: quick, allows feedback, used widely
  - Cons: too many message limits effective communication

- Communication Barriers: factors that stop effective communication
  - Sender Problem: ask for feedback, make message clear
  - Method Problem: ask for feedback, use shortest channel
  - Receiver Problem: ask for feedback, change sender
  - Feedback Problem: change method

- Effective Communication: avoid DisEcons of Scale, clear objective, better decision making, exchange ideas, inform customers, good relations with suppliers/customers
Chapter 19: Achieving Quality Production

- **Quality**: good or service produced which meets customer expectations
  - **Importance**: brand image/loyalty/reputation, increase sales, attract new customers
- **Quality Control**: checking of product standard at the end of production process
  - **Pros**: eliminates faults before it reaches customer, less training required
  - **Cons**: expensive to hire worker to check product, doesn’t know how fault occurs, high cost if batch is scrapped
- **Quality Assurance**: checking standard of product throughout production process
  - **Pros**: eliminates faults before it reaches customers, fewer complaints, reduced cost if product not scrapped
  - **Cons**: high training cost, relies on workers to follow standard instructions
- **Total Quality Management (TQM)**: continuous improvement of process & product by focusing on standard at each stage of production
  - **Pros**: quality built into each part of production, eliminates all faults, no complaints, waste removed, efficiency increased
  - **Cons**: high training cost, relies on workers following TQM ideology

<table>
<thead>
<tr>
<th>Quality Control</th>
<th>QA/TQM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus on product</td>
<td>Focus on process</td>
</tr>
<tr>
<td>Detect problem &amp; fix it</td>
<td>Prevent problem &amp; improving process</td>
</tr>
<tr>
<td>A group of people responsible for quality</td>
<td>Everyone responsible for quality</td>
</tr>
</tbody>
</table>

- **Quality Marks**: label that shows that a product has met a standard
  - **Pros**: give customer confidence to buy, higher sales
  - **Cons**: expensive, difficult to reach, increase cost to reach

Chapter 20: Location Decisions

- **Infrastructure**: physical systems of a business/nation (e.g. transportation, water, power)
- **External Economies of Scale**: cost benefits to business resulting from locating in a region with other businesses operating in same industry
- **Location Decisions**: (Mains: competitors, price, parking, space needed)
  - **Manufacturing**: production methods, weight, perishable goods, labour, transport/communication, government, power/water, external Econ of Scales
  - **Service**: customer location, technology, labour, near competitors, rent/taxes
  - **Retail**: shoppers, nearby shops, parking, rent/taxes, security, vehicle access, laws
  - **Overseas**: new market, cheaper resources, labour, rent/taxes, grants, trade barriers
- **Government Influence on Location Decisions**:
  - **Encourage**: businesses to set up in high unemployment areas, provide grants & subsidies
  - **Discourage**: businesses from locating in overcrowded areas, make laws for it to be illegal for certain business activities to be in certain areas

Chapter 21: Business Finance: Need & Resources

- **Why need Finance**: start-up capital, expansion, increase working capital
  - **Factors**: amount needed, size/type of business, gearing, purpose, long or short term
- **Start-Up Capital**: money needed to start a new business (buy assets) to start trading
- **Working Capital**: money, in short term, to pay for day-to-day expenses
  - **Working Capital** = Current Assets – Current Liabilities
- **Capital Expenditure**: money spent on non-current assets, lasting for more than 1 year
- **Revenue Expenditure**: money spent on current assets/day-to-day expenses
- **Internal Finance**: finance/money from within the business itself