



**NEED to
KNOW**

HIGHER

.....
BUSINESS MANAGEMENT

Key
content
at your
fingertips

Quick
and easy
revision

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Contents

1 Understanding business

1.1 Role of business in society	5
1.2 Types of organisation	7
1.3 Objectives	10
1.4 Methods of growth.....	12
1.5 External factors.....	15
1.6 Internal factors	18
1.7 Stakeholders	21
1.8 Structures	22
1.9 Decision making	32

2 Management of marketing

2.1 Customers	35
2.2 Market research	36
2.3 The marketing mix	38
2.4 Product.....	40
2.5 Price	42
2.6 Place	44
2.7 Promotion	46
2.8 The extended marketing mix.....	49
2.9 Technology	51

3 Management of operations

3.1 Inventory management	53
3.2 Methods of production.....	58
3.3 Quality	60
3.4 Ethical and environmental issues.....	64
3.5 Technology	66

4 Management of people

4.1 Workforce planning	68
4.2 Training and development.....	71
4.3 Motivation and leadership.....	76
4.4 Employee relations	80
4.5 Legislation	84
4.6 Technology	86

5 Management of finance

5.1 Sources of finance.....	89
5.2 Cash budgeting.....	93
5.3 Financial statements.....	95
5.4 Ratios	98
5.5 Technology	103

Getting the most from this book

This *Need to Know* guide is designed to help you throughout your course as a companion to your learning and a revision aid for your course assessment and final examination.

The following features in each section will help you get the most from the book.

You need to know

Each topic begins with a list summarising what you 'need to know' in this topic for the course assessment and exam.

Exam tips

Key knowledge you need to demonstrate in the exam, tips on exam technique, common misconceptions to avoid and important things to remember.

Key terms

Definitions of **highlighted** terms in the text to make sure you know the essential terminology for your subject.

Do you know?

Questions at the end of each topic to test you on some of its key points. Check your answers here:

www.hoddereducation.co.uk/needtoknow/answers

End of section questions

Questions at the end of each main section of the book to test your knowledge of the specification area covered. Check your answers here: www.hoddereducation.co.uk/needtoknow/answers



4.3 Motivation and leadership

You need to know

How a business can motivate its staff, including:

- motivation theories (Maslow, Herzberg)
- leadership styles
- how leadership styles are used and justified in a given business scenario

Abraham Maslow

In the 1940s, American psychologist Abraham Maslow theorised that management methods should be appropriate and reflect the level on which employees currently operate. He developed a hierarchy of human needs which is often shown as a pyramid (see Figure 22).

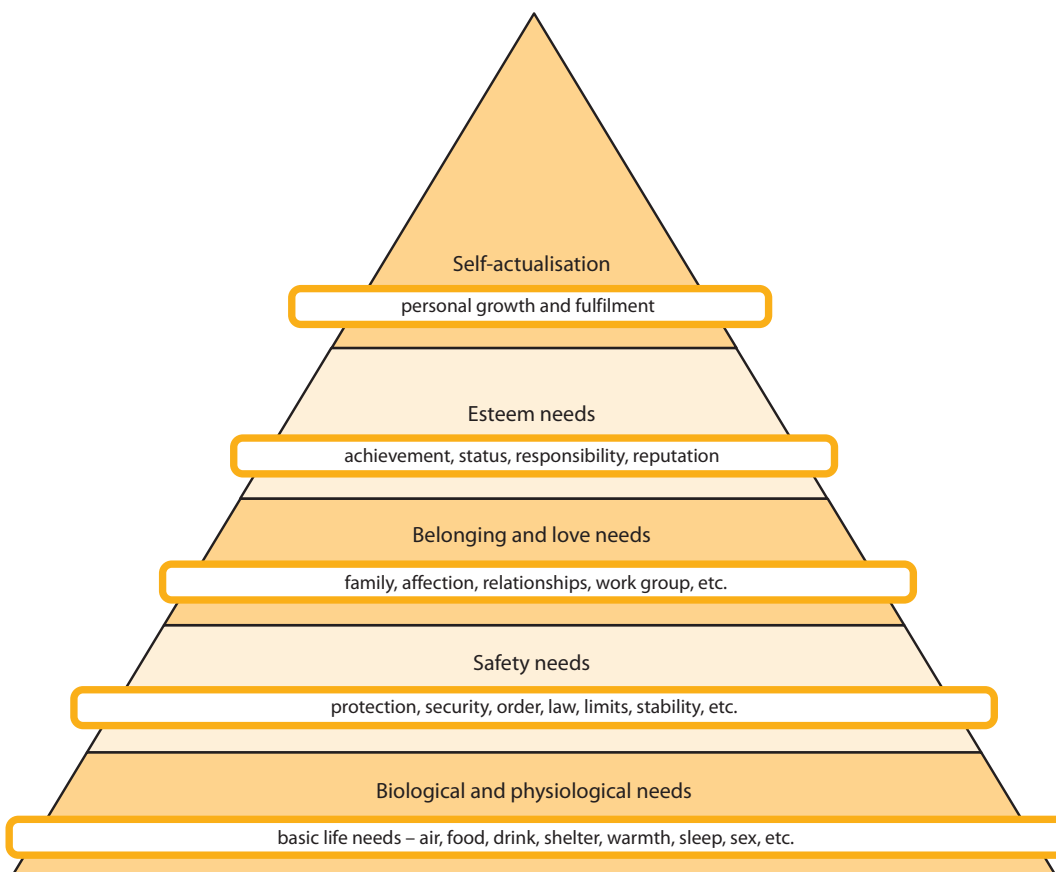


Figure 20 Maslow's hierarchy of needs

The hierarchy of needs theory remains valid today for understanding human motivation, management training and personal development.

The pyramid shows the different stages of need that individuals pass through with the most basic needs shown at the bottom of the pyramid. Although the pyramid has been further developed over a period of time, the five-stage model remains the benchmark for most people.

Frederick Herzberg

Frederick Herzberg was another American psychologist famous for promoting the theory of job enrichment and developing the motivator-hygiene theory, which is also known as the two-factor theory of job satisfaction.

According to his theory, people are influenced by two sets of factors (see Figure 23). The idea is that hygiene factors will not motivate, but if they are not there, they can lower motivation. These factors could be anything from clean toilets and comfortable chairs to a reasonable salary level and job security.

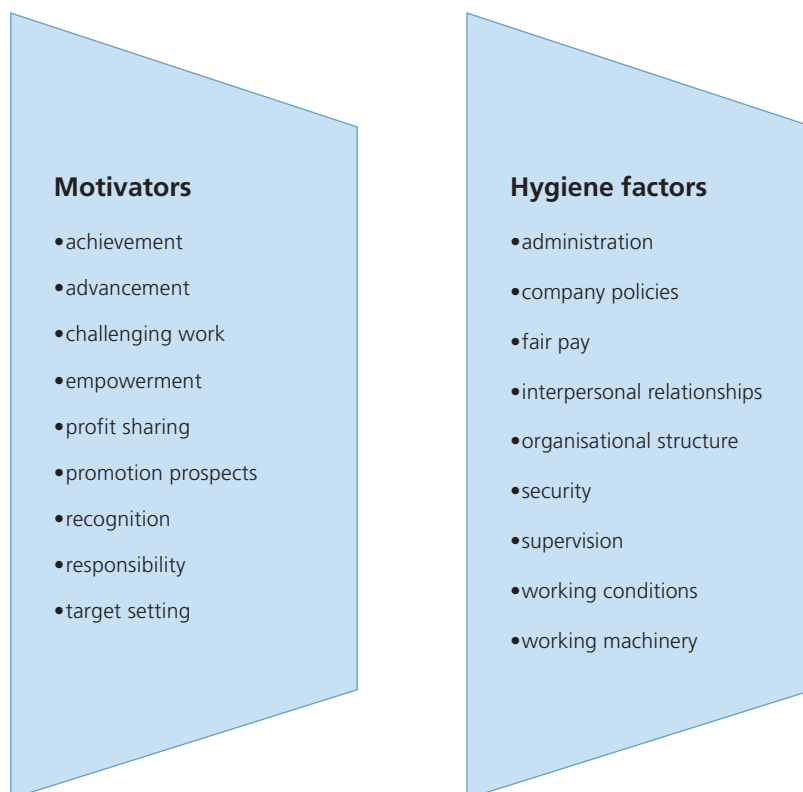


Figure 21 Motivators and hygiene factors

Exam tip

Motivation theories are often tested in the examination. You should be prepared to describe the different theories but also be able to differentiate between them.

Leadership styles

Leadership is a person’s ability to influence the thoughts or actions of others. When we talk about leadership in business, it is usually directed towards the ability of those in a position of authority and influence and their ability to influence those in their control in order to achieve organisational objectives.

However, a good leader is not always a good manager and vice versa. The terms ‘leader’ and ‘manager’ are often used interchangeably, but the two roles have different characteristics, as shown in Table 40.

Table 40 The roles of a leader and a manager compared

A leader...	A manager...
<ul style="list-style-type: none">■ innovates■ instigates change■ challenges the norm■ focuses on vision■ is strategic■ has followers■ encourages trust and empowers individuals■ focuses on people■ does the right thing	<ul style="list-style-type: none">■ administrates■ follows procedures■ has subordinates■ does things right■ relies on discipline and control■ deals with complex issues■ may be operational and/or strategic

Exam tip

Leaders and managers are often referred to interchangeably but they do play different roles. Make sure you know the distinction and are able to explain it.

There are three different style of leadership: autocratic, democratic and laissez-faire.

Autocratic leadership

Autocratic leadership is defined by:

- the leader having absolute authority
- no consultation with subordinates
- upward communication being discouraged
- the leader dictating how employees should behave and act
- the leader expecting total obedience
- the typical view of the leader as controlling and bossy

Table 41 Advantages and disadvantages of autocratic leadership

Advantages	Disadvantages
<ul style="list-style-type: none">■ Quick decision making■ Employees get direct assistance from the top	<ul style="list-style-type: none">■ A lack of input from employees■ It encourages a blame culture to develop■ Employees may not get the opportunity to develop■ It is totally dependent on the leader■ A lack of trust can develop■ It is a poor motivator for good performance

Democratic leadership

Democratic leadership is defined by:

- good communication between the leader and employees
- the leader making decisions but explaining the reasons for the decisions
- discussions between the leader and employees
- upward communication being encouraged
- achievement being encouraged and recognised

Table 42 Advantages and disadvantages of democratic leadership

Advantages	Disadvantages
<ul style="list-style-type: none"> ■ Better employee engagement and motivation ■ Empowerment of individuals ■ Employees will be more accepting of change when they have involvement in the decision-making process 	<ul style="list-style-type: none"> ■ Less experienced employees will require supervision ■ Decision making can be delayed ■ A strong leader is required to avoid conflict among employees

Laissez-faire leadership

Laissez-faire leadership is defined by:

- a free reins style of leadership
- the leader who sets boundaries and puts the process into motion
- the leader leaves decisions to the employees and does not interfere
- authority is delegated
- teams become self-managing

Table 43 Advantages and disadvantages of laissez-faire leadership

Advantages	Disadvantages
<ul style="list-style-type: none"> ■ High degree of trust among employees ■ Increased motivation ■ Reduced stress for managers ■ Employees can improve their skills quickly 	<ul style="list-style-type: none"> ■ Employees may feel more pressure and become stressed ■ Poor quality output can occur ■ Competent employees may seek more financial compensation for taking on more responsibility

Do you know?

- 1 Describe the different motivation theories.
- 2 List some of the benefits of motivation.
- 3 What is the main difference between a manager and a leader?
- 4 Describe the autocratic style of leadership.
- 5 What are the advantages of a laissez-faire style of leadership?
- 6 Justify the use of different leadership styles.