



Knowledge Organiser

BUSINESS

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Role of Business Enterprise and Entrepreneurship	
Question:	Answer:
What is enterprise?	It means seeing an opportunity to provide a product or service that people are willing to buy
What is an entrepreneur?	A person who takes the risk of starting and running a business
What are the enterprising characteristics?	They are features of an entrepreneur
What are the characteristics of an entrepreneur?	<ul style="list-style-type: none"> • Risk-taking • Creativity • Determination • Confidence
What are the risks?	<ol style="list-style-type: none"> 1. Financial <i>Possibility of losing money</i> 2. Health <i>The strain of being in charge can affect health</i> 3. Strained relationships <i>Starting a business is time consuming</i>
What are the rewards?	<ol style="list-style-type: none"> 1. Financial <i>Some successful entrepreneurs can make a lot of money</i> 2. Independence <i>Some people like to be their own boss</i> 3. Self-satisfaction <i>Some people like to see and idea work</i>

Business planning	
What is business planning?	A simple plan which sets out the details of the business
What is finance?	The money needed to start the business
What is a business plan?	It details how a business aims to achieve its objectives
What is the purpose of a business plan?	<ul style="list-style-type: none"> • To reduce the risk of starting a business • To help a business succeed
What is the role of a business plan?	<ul style="list-style-type: none"> • Identify markets • Helping with finance • Identifying resources needed • Achieving aims and objectives
What are the contents of a business plan?	<ul style="list-style-type: none"> • Aims & objectives • Target market • Competition • The idea • People running it • Market research • Finance

Business ownership	
What is unlimited liability?	It is the responsibility for the debts of the business rests with the owners
What is capital?	It is the money raised to start or develop a business
What is deed of partnership?	A document setting out the operations of the partnership
What is a sleeping partner?	It is someone who only invests in a partnership
What is limited liability?	Responsibility for the debts of the business is limited to the amount invested
What are shareholders?	They are owners of a limited company
What is a dividend?	It is money paid to shareholders from business profits
What are the advantages of a sole trader?	<ul style="list-style-type: none"> • Easy to set up • Little finance required • Full control • Keep all the profits • Financial information is private
What are the disadvantages of a sole trader?	<ul style="list-style-type: none"> • Unlimited liability • Business stops if ill or on holiday • Long working hours • Shortage of capital • Skills shortage • No continuity
What are the advantages of a partnership?	<ul style="list-style-type: none"> • More capital available • Easy to set up • More skills available • Shared workload • Financial information is private
What are the disadvantages of a partnership?	<ul style="list-style-type: none"> • Shared profit • Unlimited liability • Shortage of capital • Slower decision making • No continuity
What are the advantages of a private limited company (LTD)?	<ul style="list-style-type: none"> • Limited liability • Continuity • Can raise capital more easily • Control over share sale

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What are the disadvantages of a private limited company (LTD)?	<ul style="list-style-type: none"> Financial information available to the public Complex and expensive to set up Sale of shares is restricted Dividends to be paid
What are the advantages of a Public Limited Company (PLC)?	<ul style="list-style-type: none"> Can raise large amounts of capital Easier to borrow money Limited liability for shareholders
What are the disadvantages of a Public Limited Company (PLC)?	<ul style="list-style-type: none"> Possibility of a takeover Complex and expensive to set up Hard to manage as so large Financial information available to the public

Business Aims & Objectives	
What are business objectives?	They are what the business wants to achieve
What does survival mean?	The business can pay its costs but has nothing left
What does profit mean?	The difference between revenue and costs
What does market share mean?	The share of the total market for a product
What is growth?	The business becomes larger
What are the different aims and objectives?	<ul style="list-style-type: none"> Survival Profit Growth Market share Providing a service

Stakeholders in Business	
What is the meaning of stakeholders?	It is groups of people or individuals who have an interest in a business
What are internal stakeholders	People with an interest in and who work in the business
What are external stakeholders	People with an interest in but who are outside of the business

Business growth	
What is organic growth?	<ol style="list-style-type: none"> Internal growth using own resources i.e. opening more shops <i>Increasing output</i> Selling more products <i>Gaining new customers</i> <i>Reduce the price, open more shops</i> Developing new products <i>To target a wider range of customers</i> Increasing market share <i>Selling more than competitors</i>
What is a merger?	Two or more businesses agreeing to join together
What is a takeover?	One business takes control of another
What is horizontal growth?	Two businesses in the same production sector joining together
What is vertical growth?	Two businesses in different production sectors joining together
What is diversification?	Two businesses coming together with no connection

The role of marketing	
Describe how a business can increase sales	<ol style="list-style-type: none"> Advertise the product or service more in order to raise awareness of what is on offer. Introducing a new model that will appeal to more customers. Increase the range of products or services available Reducing the price to sell more products - but will profits increase? Selling the product in different countries to target a wider range of customers. Selling by different methods i.e. Online or offering digital distribution.
What is marketing?	Marketing is finding the needs of customers and demonstrating how a business fulfils those needs in order to increase sales.
What is market research?	The collection of data to help business decisions

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Market research	
What is a target market?	The group of customers who a business aims to sell its products to
What is Primary research?	Data collected first-hand (desk research)
What is Secondary research?	Data collected by others (field research)
What are the advantages of questionnaire (primary research)?	<ul style="list-style-type: none"> Cheaper than interviews Easily target certain people
What are the disadvantages of questionnaires (primary research)?	<ul style="list-style-type: none"> Difficult to predict how many will be completed People may not understand the questions
What are the advantages of interviews (primary research)?	<ul style="list-style-type: none"> Questions can be explained Customers can be easily targeted
What are the disadvantages of interviews (primary research)?	<ul style="list-style-type: none"> Expensive Customers may feel uncomfortable
What are the advantages of trials (primary research)?	<ul style="list-style-type: none"> Save money before making products widely available
What are the disadvantages of trials (primary research)?	<ul style="list-style-type: none"> Costly to set up
What are the advantages of focus groups (primary research)?	<ul style="list-style-type: none"> Data is accurate to the target market
What are the disadvantages of focus groups (primary research)?	<ul style="list-style-type: none"> Only small groups that take part so expensive
Discuss the four types of secondary research	<ul style="list-style-type: none"> Census data Websites Internal data Newspapers
What are the advantages of secondary data?	<ul style="list-style-type: none"> Cheap and already available to use
What are the disadvantages of secondary data?	<ul style="list-style-type: none"> Not exactly what you need and could be out of date
What is qualitative data?	Data based on opinions of those being asked
What is quantitative data?	Data based on facts or numbers

Market segmentation	
What are the 5 main market segmentations?	<ul style="list-style-type: none"> Age Gender Income Lifestyle Location
What is market segmentation?	Splitting the market for a product into different parts, or segments.

The Marketing Mix – Product	
What is the marketing mix for product?	<ul style="list-style-type: none"> The product is a vital element of the marketing mix. The product or service must be something customers actually want. Advertising a new product more widely can increase sales and extend the life of a product. Reducing the price of a product can help to maintain sales and extend the life of a product. Selling in new markets i.e. abroad, opens the product up to a wider range of new customers and so extends the life of the product
What is the product life cycle?	<ul style="list-style-type: none"> Introduction <i>A product is first made available for sale</i> Growth <i>Sales are growing strongly</i> Maturity <i>Sales are at their highest level</i> Decline <i>Sales are falling</i>
What is the marketing mix for price?	A business must take great care when setting the price of products and services. Too low and the business won't make enough profit, too high and customers will not buy.
What is competitor pricing?	A price is set based on prices charged by competitors
What is cost-plus pricing?	Adding a percentage of profit onto the total costs of making a product
What is penetration pricing?	A price is set lower than competitors
What is skimming?	A high price is charged initially for those customers who want the latest products
What is promotional pricing?	Prices are reduced to give sales a boost
What are different factors affecting the price?	<ul style="list-style-type: none"> The price charged by other businesses The business. If new, customers may not know the name and will be reluctant to pay high prices The costs to produce the product or service The income of the target market

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What is the marketing mix for place?	Place is concerned with where the product is sold from and the distribution of goods
What is physical distribution?	Distribution of goods using a physical presence
What is digital distribution?	Distribution of goods and services digitally by downloading from a website
What are the advantages of digital distribution?	<ul style="list-style-type: none"> • Customers can access products and services 24/7 • Goods are downloaded so available quickly • No physical product to deliver so the business saves money
What are the disadvantages of digital distribution?	<ul style="list-style-type: none"> • Not all goods are suitable for digital distribution i.e. bread • Not all customers have access to the internet • Easier for illegal content to be copied and distributed which means the business loses sales
What are the aims of promotion?	<ul style="list-style-type: none"> • To inform customers about a product or service • To keep a business ahead of its competitors • To create or change the image of a business, its products and services • To maintain or increase sales
What are different types of advertising media?	<ul style="list-style-type: none"> • Social media • Printed media • Radio • Websites • Television
What is point of sale promotions?	Price reductions, loss leaders, competitions, free samples
What is an advertising campaign?	A series of advertisements often using different advertising media
What is advertising media?	The methods by which a business can advertise a product

The role of Human Resources

What is human resources?	The people who do the work for a business. They are the employees.
What is a human resource plan?	A plan detailing the workers a business will need i.e. how many, when, full time or part time and the skills they need
What is the meaning of functions?	Different types of work that need to be done in a business i.e. Marketing, production and finance
What are the aspects of human resource planning for a business to think about?	<ul style="list-style-type: none"> • The number of workers needed • The number of workers who will work full-time or part-time • The number who should be employed on zero-hour contracts • The number of workers to hire as contractors as and when needed • When workers will be needed - times of the day, days of the week • Where the workers will work - finance, production, marketing • The skills the workers will need to have • The need to manage and supervise some of the workers • The age, gender, ethnicity of the workers • How many staff members the business can afford to employ
When might a business need to review its human resource needs?	<ul style="list-style-type: none"> • Workers may have to be replaced i.e. because they have left, retired or been promoted • The business may grow or shrink so may need more or fewer workers • The business may change its method of production so may need more or fewer skilled workers • The business may decide to relocate so may have to recruit workers who live nearby - they could still take their current workforce • The budget available for paying staff. If the budget is decreased, they will need fewer staff and vice versa • Changes in the law may affect employment i.e. Minimum wage which will impact on the budget

Organisational Structures

What is an Organisation Chart?	A diagram to show how workers are organised in a business
What is an Authority?	The power that one person has to make decisions
What is a Chain of Command?	The order of authority from top to bottom
What is the span of Control?	The number of people a manager is in charge of
What is delegation?	Giving someone else permission to make a decision
What are the two different types of organisation structure?	<ul style="list-style-type: none"> • Tall structure • Flat structure
What are the advantages of a tall structure?	<ul style="list-style-type: none"> • The span of control is likely to be narrower meaning that he does not have as many people to look after.

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	<ul style="list-style-type: none"> • There will be plenty of opportunities for workers to gain promotion which will motivate them to work harder.
What are the advantages of a flat structure?	<ul style="list-style-type: none"> • Lines of communication are clear - communication will be quicker from top to bottom because there is not as many layers • Fewer mistakes in communication will be made because there is fewer levels • People at the bottom may be encouraged to share ideas • Wider span of control means that managers can delegate work
What are the different ways of working?	<ul style="list-style-type: none"> • Full-time • Part-time • Flexible working • Temporary working • Working from home • Working while mobile • Self-employed

Communication in Business	
What is communication?	The transmission of a message from a sender to a receiver
What is written communication?	Communication by written words i.e. Text, email, letters
What is verbal communication?	Communication by speaking i.e. telephone or meetings
What is formal communication?	Communication using the official channels within a business
What is informal communication?	Communication outside the official channels within a business
What are the pros of verbal communication?	<ul style="list-style-type: none"> • Can check for understanding • Can emphasise points through tone and body language • Can use diagrams and pictures to help explain
What are the cons of verbal communication?	<ul style="list-style-type: none"> • If lots of people not all may understand • Receiver may disrupt the message if they don't like it • No permanent record of the message • Some forms can be expensive
What are the pros of written communication?	<ul style="list-style-type: none"> • There is a record of the message • Receiver can re-read the message multiple times • Can be sent to multiple people at the same time • Can avoid confrontation
What are the cons of written communication?	<ul style="list-style-type: none"> • Can't check immediately if the message was understood • The success depends on the clarity of the message • Risk of computer viruses • Emails could go to spam
What are the pros of social media communication?	<ul style="list-style-type: none"> • Huge numbers of users • Info can be updated regularly • Visual images can help explain • Can be cheaper to advertise • Customers can be involved by allowing feedback
What are the cons of social media communication?	<ul style="list-style-type: none"> • There is a cost in managing and updating the information • Can be difficult to measure the effectiveness of the business' use of social media

Recruitment and Selection	
What is recruitment?	Businesses can recruit internally (from within the business i.e. promote an existing employee) or externally (someone from outside the business)
What is selection?	The process of choosing between applicants for a job
What is a job description?	Lists the main duties, tasks and responsibilities of a worker
What is person specification?	Lists the qualities, qualifications and knowledge that a person should have
What are interviews?	Sessions where the people making the appointment ask questions of the applicants
What are the methods of advertising?	Businesses need to think about the costs of advertising for a job but can use the following: <ul style="list-style-type: none"> • Websites • Social media

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	<ul style="list-style-type: none"> • Local newspapers • National newspapers • Specialist magazines i.e. horse riding • Job centres • Word of mouth
What are the methods of selection?	<p>Business can use a range of methods to select the best candidate:</p> <ul style="list-style-type: none"> • Letter of application • Application form • CV • Interviews • Tests and presentations • Group activities • References

Motivation and Retention	
What is motivation?	It is how workers are encouraged to work hard. If employees are motivated then workers will be efficient in what they do, there will be a low turnover of workers, it will be easier to recruit new workers, less need for supervision and low absenteeism.
What is retention?	When workers choose to stay in a firm rather than move elsewhere
What is productivity?	A measure of output per working
What are financial motivation methods?	Methods that involve paying workers money
What are non-financial motivation methods?	Methods that do not involve paying money
What are the different methods of motivation?	<ul style="list-style-type: none"> • Pay • Bonus • Profit sharing • Fringe benefit • Praise • Award schemes • Working environment

Training and Development	
What is training?	Short term and is focused on helping a worker do his job well
What is development?	Long term training focused on helping a worker realise their potential
What is the meaning of 'on-the-job'?	Training while working
What is the meaning of 'off-the-job'?	Training away from the job
What is induction training?	Training to introduce the worker to the business
What are the advantages of inductions?	<ul style="list-style-type: none"> • Helps workers to settle quickly - get to know colleagues • Worker will be more productive quicker • Health and safety issues reduced
What are the disadvantages of inductions?	<ul style="list-style-type: none"> • A lot of information to take in in one day • Costs involved - worker is paid but not producing anything • Costs involved - someone needs to provide the training
What are the advantages of on-the-job?	<ul style="list-style-type: none"> • Training is individualised to help each worker improve • Cheaper – no travel costs • Still producing products while training
What are the disadvantages of on-the-job?	<ul style="list-style-type: none"> • Trainer may need to stop working to help trainee • Quality might be poor • Quality of training depends on the trainer • No qualifications gained
What are the advantages of off-the-job?	<ul style="list-style-type: none"> • Experts can provide training • Workers enjoy the change of environment • Workers feel valued
What are the disadvantages of off-the-job?	<ul style="list-style-type: none"> • More expensive - fees, travel etc • Worker is not producing products when training • Risk of employee leaving once trained

Employment Law	
What is the employment law?	Designed to protect workers from employers who may treat them unfairly. The Equality Act 2010 brought together 116 pieces of legislation into one single Act which is designed to protect the rights of workers.
What is discrimination?	When one worker is treated differently from another for no

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	<p>acceptable reason.</p> <ul style="list-style-type: none"> • Equal pay • Racial • Sex • Disability • Sexual orientation • Religion or belief
What is a Contract of employment?	A legal agreement between an employer and an employee
What is a Holiday entitlement?	The amount of paid holiday a worker can have in one year. All workers are entitled to have 5.6 weeks holiday each year paid. No. days worked per week x 5.6 = holiday entitlement
What is the working time directive?	Controls how many hours a worker can work each week. Over a 17-week period a worker cannot work more than 48 hours on average: $\frac{\text{Number of hours worked}}{17}$ = average number of hours per week

Production processes	
What is production?	The process of turning raw materials into saleable products and services
What is job production?	Making products individually
What is batch production?	Making one type of product then switching to make a different product
What is a flow production?	The production of one product on a continuous assembly line
What is automation?	Production involving machinery not controlled by a person
What are the advantages of job production?	<ul style="list-style-type: none"> • Products are usually high-quality • Products can be made to meet the needs of individual customers • Workers often get more satisfaction
What are the disadvantages of job production?	<ul style="list-style-type: none"> • Costs of production will be high • Labour costs may be high because job production often requires skilled labour
What are the advantages of batch production?	<ul style="list-style-type: none"> • The needs of different customers can be met by making batches of different goods • Batches are made to meet specific orders from customers • It may be possible to use specialist machines to automate production
What are the disadvantages of batch production?	<ul style="list-style-type: none"> • It takes time to switch production from one batch to another - costly • May have to keep stock of raw materials to be able to switch production • Less choice of products for customers • Tasks are repetitive for workers
What are the advantages of flow production?	<ul style="list-style-type: none"> • Large amounts can be made • Costs of production for each unit is low • Machinery can be used, helping to reduce costs • Technology can be used to change the products slightly to more are available for customers to choose from
What are the disadvantages of flow production?	<ul style="list-style-type: none"> • Goods are mass-produced so quality may be low • Expensive to set up a production line • Large stocks of materials need to be kept which can be expensive • If production stops at any point, then production stops everywhere • Jobs can be repetitive and boring

Quality of Goods & Services	
What is quality?	It's about a product being fit for purpose and working in a way that it is supposed to
What is quality control?	A system for inspecting the quality of goods and services
What is quality assurance?	An approach that involves the whole business focusing on quality
What is returns?	Goods which customers take back to the shop because of problems
What is recalls?	The business asks for products to be returned because of faults
What is the importance of providing quality products?	<ul style="list-style-type: none"> • It avoids waste • If goods are not of a good quality, they may not be able to be sold and so the producer has wasted money • It avoids recalls

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	<ul style="list-style-type: none"> • If unsatisfactory products are made and sold, they will then have to be recalled and the issue resolved at a cost to the manufacturer • Reputation and sales • Customers will not be happy with poor quality products and may shop elsewhere in the future • Disrupted production • Production may be disrupted if quality is poor from the start
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The Sales Process and Customer Service	
What is e-commerce?	Bringing together the buyer and seller electronically
What is customer service?	What a business does to keep customers happy
What is face-to-face selling?	Usually completed in a shop where there is direct contact between buyer and seller
What does telesales mean?	Sales completed over the telephone
What is after-sales services?	Any help and advice given to customers after they have bought a product

Consumer Law	
What is consumer law?	The of law which protects customers
What is fit for purpose?	This means that goods must do what they are meant to do
What is 'as described'?	This means goods must be as the business describes
What is satisfactory quality of goods?	This means that how the goods are made will reflect the price
What is reputation?	What customers say about a business
What is the impact of consumer law on business with production?	A business must make sure that the quality of the goods is up to standard. They must not be faulty or damaged when bought. If they are not customer could return products and this will affect their reputation.
What is the impact of consumer law on business with safety of goods?	If goods are produced in a defective way, customers can claim compensation for damage or personal injury. This could result in huge costs for the business and a loss of reputation.

Business Location	
What is location?	It refers to the place where a business is sited
What is proximity?	It means 'nearness to'
What is labour?	The people employed by the business to produce goods and services
What are raw materials?	They are materials needed to produce saleable goods and services
What is transport infrastructure?	The provision of roads, railways, ports and airports
What are the location factors?	<ul style="list-style-type: none"> • Costs of the site • Transport infrastructure • Proximity to raw materials • Proximity to labour • Target market • Proximity to customers • Competition

Working with suppliers	
What is logistics?	The management of the transportation and storage of goods
What is procurement?	The management of purchasing within a business
What are suppliers?	Parties who supply goods and/or services to a business
What are the roles of procurement within a business?	<ol style="list-style-type: none"> 1. Identifying goods and services to buy 2. Choosing suppliers 3. Ordering goods and services 4. Receiving deliveries from suppliers

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What affects logistics and supply?	<ul style="list-style-type: none"> • Time of delivery • Reliability of the suppliers • Length of the supply chain • Costs of items being bought • Customer service from suppliers
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The role of finance function	
What is the finance function?	It is the finance department and it is only found in larger businesses
Describe when will financial info be useful in business decision-making?	<ul style="list-style-type: none"> • When a business decides to become more environmentally friendly • When the business is thinking about changing production methods • When the business wants to change the way, it markets its products
What is financial information?	Includes details of profit, loss, cash flow, break-even, profit margin and average rate of return. These can be used to help make business decisions.

Revenue, costs & profit	
What is revenue?	Money from sales Quantity sold x selling price
What is the average rate of return?	A method of measuring and comparing the profitability of an investment over its life
What is loss?	It occurs in a business when costs are greater than revenue
What are expenses?	The costs of operating the business
What is profitability ratio?	It is calculations which help to interpret financial data
What is the variable cost?	Quantity sold x variable cost per unit
What are the total costs?	Fixed costs + variable costs
What is the gross profit?	Revenue - cost of sales
What is net profit?	Gross profit - expenses
What is gross profit margin?	$\text{Gross profit} \div \text{revenue} \times 100$
What is the net profit margin?	$\text{Net profit} \div \text{revenue} \times 100$
What is profit?	Revenue - costs

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Sources of Finance	
What is interest?	The amount of money that has to be paid back on borrowed money
What is sale of assets?	Items sold by the business
What is crowd funding?	Money raised through an appeal to public
What is overdraft?	An arrangement with a bank to spend more money than it has in its account
What retained profit?	It is profit not distributed to owners
What is a loan?	Sums borrowed for a certain period at an agreed rate of interest
What is owner's capital?	It is money from savings put into the business by the owner
What are the advantages of owners' capital?	<ul style="list-style-type: none"> • No need to repay the money • No interest has to be paid • No cost to raise the finance • Readily available
What are the disadvantages of owners' capital?	<ul style="list-style-type: none"> • The owner might not have enough savings to cover the whole finance • May leave the owner short in personal situations
What are the advantages of retained profit?	<ul style="list-style-type: none"> • No interest has to be paid • No need to repay the money • No cost to raise the finance • Readily available
What are the disadvantages of retained profit?	<ul style="list-style-type: none"> • Business might not have enough profit to cover the whole finance • May leave the business short in the future in emergency situations
What are the advantages of loan?	<ul style="list-style-type: none"> • Repayment is spread over time • Business knows exactly how much has to be repaid and when • Money is available quickly
What are the disadvantages of loan?	<ul style="list-style-type: none"> • Interest has to be paid • Business may need to risk an asset as security • Bank will want to see a business plan to ensure they can afford the loan
What are the advantages of issuing shares?	<ul style="list-style-type: none"> • A lot of finance can be raised from many investors • Money does not have to be paid back • No interest is payable
What are the disadvantages of issuing shares?	<ul style="list-style-type: none"> • Dividends may have to be paid to shareholders • Shareholders are entitled to have a say in the running of the business • The business may be taken over by a competitor

Breakeven	
What is break-even forecast?	A prediction about the break-even quantity based on estimates of future sales revenues and costs
What is break-even quantity?	The amount a business must sell to earn enough revenue to cover its costs
What is margin of safety?	The amount by which a business' actual output is greater than its break-even output
What is the usefulness of break-even analysis?	<ul style="list-style-type: none"> • See how much you need to sell • it will help when taking out loans • Can make decisions about price and costs • Can find expected profit • Shows the margin of safety
What are the limitations of break-even analysis?	<ul style="list-style-type: none"> • Competitors can change • Prices may change because of promotions • Costs may change • A price increase could lead to a fall in sales • The product may enter the decline stage
What is the calculation for break-even?	Total fixed costs ÷ (price - variable costs per unit)

Cash flow	
What is a cash flow forecast?	Shows the expected flow of money into and out of a business
What are inflows?	Cash flowing into the business
What are outflows?	Cash flowing out of the business
What is expenditure?	Money that the business pays out
What is the opening balance?	Cash available at the start of the month

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What is the closing balance?	Cash available at the end of the month
What is the usefulness of cash flow forecasts?	<ul style="list-style-type: none"> • A planning tool • Anticipates period of cash shortage • Provides targets • Enables remedies to be put in place for shortages
What does a negative cash flow consist of?	<ul style="list-style-type: none"> • It can only be temporary and may not necessarily cause a problem for the business • It requires the business to obtain additional finance in the form of an overdraft to help it overcome a shortage of cash • It means that the business has to delay payment of money it owes to others such as suppliers

Ethical and Environmental considerations	
What is ethics?	It is about what is right and wrong. Ethics involves treating workers, suppliers and customers right however what is right and wrong changes over time so it can be hard for businesses to keep up.
What is ethical marketing?	Marketing activities that seek to give customers information to make good choices
What is environmentally friendly?	Describes consumers and businesses that act to make production sustainable
What is sustainable production?	The share of the total market for a product
What are the benefits of being environmentally friendly?	<ul style="list-style-type: none"> • Increased sales • Reduced tax bills • Reduced costs • Reduced resource scarcity
What is sustainable production?	<ul style="list-style-type: none"> • Solar & wind energy • Sustainable construction • Saving water • Switching off lights • Recycling

The Economic Climate	
What is an economic climate?	It refers to how well the country is doing in terms of the levels of income and employment
What is Gross Domestic Product (GDP)?	It is a measure of the amount of goods and services a country produces
What is income?	The amount of money people receive from work
What are customers?	They are buyers of goods and services
What is consumer income?	The total amount of income that all customers in the country receive
What is the production response to economic change?	<ul style="list-style-type: none"> • Sell the product at a lower cost to beat competition (less profit though!) • Improve quality control to reduce wastage • Increase productivity through technology
What is the Human resources response to economic change?	To increase productivity by motivating workers
What is the finance response to economic change?	<ul style="list-style-type: none"> • Reduce costs by improving cash flow, reducing interest payments on overdrafts or loans • Change loans to get a lower interest rate
What is the marketing response to economic change?	Change the marketing mix <ul style="list-style-type: none"> • Change the product to appeal to different customers • Increase promotion • Different pricing strategies • Sell using e-commerce

Business Studies



Globalisation	
What is globalisation?	It is the process by which business activity around the world has become increasingly interconnected
What is international branding?	Creating an image or values for a product in different countries
What are multinational companies?	They are businesses that operate in different countries
What is productivity?	A measure of output of each worker on average
What is free trade?	The absence of restrictions on trade between countries
What are the pros of a UK business locating abroad?	<ul style="list-style-type: none"> • Lower labour costs • Lower costs • Expertise • Skilled workers • Demand
What are the cons of a UK business locating abroad?	<ul style="list-style-type: none"> • Quality control • Poor communications • Transport • Loss of UK sales • No skilled labour • Costs of moving
What are the influences on business?	<ul style="list-style-type: none"> • Ethical and environmental considerations <i>There could be negative implications if businesses don't follow UK guidelines in other countries</i> • The economic climate <i>This will influence whether or not a business is willing to operate there - if low income the business will suffer</i>