1.1 The Role of Business Enterprise and Entrepreneurship

What is a Business?

Businesses are organisations that provide goods or services in exchange for payment. Businesses:

Spot an opportunity i.e. find a gap in the market	Develop ideas i.e. new products or products	Satisfy the needs of customers

What is an Entrepreneur?

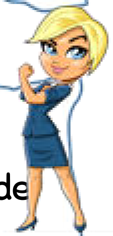
- ➔ Entrepreneurs are people who take the risk to start and run a business enterprise.
- ➔ Entrepreneurs typically have these characteristics:

Risk Taking – they are more likely to take risks to achieve their goals	**Creativity –** they are good at coming up with ideas	**Determination–** they are unlikely to give up on something no matter how difficult it is	**Confidence –** they are confident in their actions and in what they say

The Risk of Enterprise

- ➔ New business ideas run the risk of failure and entrepreneurs run the risk of losing money that they have invested into their ideas
- ➔ Entrepreneurs may have to work very long hours
- ➔ Running your own business can be very stressful

The Rewards of Enterprise



- ➔ Financial rewards come from any profits made by a business and also the fact that the business will be worth money as an asset if it performs well
- ➔ Business owners have independence as they will be working for themselves
- ➔ Business owners may have pride in the fact that they have built up a successful business from their own idea.

Key Words

Entrepreneur
A person who takes the risk of starting and running a business enterprise

Spotting an opportunity
Is the ability to see the need for a particular product or service that the customers need

Enterprising characteristics
Are the features of an entrepreneur, which include being determined, creative, confident, and having ability to take risks.

Risks
The possible losses that an entrepreneur may suffer from starting up and running a business.

Rewards
The benefits an entrepreneur receives from starting up and running a business.

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1.2 Business Planning

What is a Business Plan?

Business plans are detailed documents that outline the business idea and what it needs to be successful

Contents of a Business Plan

→ Typically business plans will have the following sections in order to make sure every detail of the business is covered:

The Business Idea –
- → the owners' details
- → what the business does or sells
- → where supplies will come from

The Business Idea –
- → what the business wants to achieve in the first year
- → what the long-term goals are

Market Research –
- → what research has been done
- → what was the outcome of that

Finance + Resource Requirements –
- → source of finance
- → spending plan
- → plans for staff, location, machinery

The Benefits of a Business Plan

Reducing Risk

Starting a business is risky. Writing a business plan can help the owners map out what it is they are going to do and how they are going to get there. This means they can use this plan to make informed choices which will reduce risk – however, risk can not be eliminated completely

Identifying Markets

Most successful businesses will undertake Market Research. Planning for this may mean the business will gather useful information on what customers think about their product or service as well as identify who their target market is

Achieving Aims + Objectives

Setting out aims + objectives within a business plan gives the business the best chance of achieving them. Careful thought, research and consideration will go into them. Businesses can also set a time frame so they can measure their success

Helping Obtain Finance + Identify Resources

A business plan can help a business secure finance. For example, if they need a bank loan, the bank will ask to see the plan to make sure the business is likely to make a profit. Also, a business needs to map out what materials, staff, premises and machinery it needs to operate

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Key Words

Business Plan

A document that sets out details of a business like their fiance needs, aims + objectives, resources required etc.

Finance

Meaning what money (or capital) a business needs to start up and run

Resources

Things a business needs to work like fiance, staff, materials

Success

A business can measure success in different ways – profit, surviving, providing a good or service

Target Market

The specific group of people a business is selling to and can be based on age, gender, location, income.

1.3 Business Ownership

Sole Trader

➔ Businesses owned by by one person

+	−
Easy to set up	Unlimited Liability
Full Control	Skills shortage
Keep all the profits	Lack of capital
Financial data is private	Can be stressful – lack of holiday

Partnership

➔ A business owned by between 2 and 20 partners

+	−
Shared workload	Unlimited Liability
More capital available	Shared profit
More skills available	Slower decision making
Financial data is private	Can lead to conflict

Private Limited

➔ A business owned by at least two shareholders. Shares cannot be sold to the general public. Has Ltd after its name.

+	−
Limited liability	Financial data available to the public
Continuity	More difficult and expensive to set up
More capital can be raised	Dividends need to be paid
Control over sale of shares	

Public Limited

➔ A large business where shares can be sold to the general public enabling vast sums of money to be raised to develop the company. Has plc after its name.

+	−
Can raise large amounts of capital	Threat of takeover
Easier to borrow money	Difficult to manage and control
Limited liability	Difficult and expensive to set up
Specialisation can take place	Dividend need to be paid

Key Words

Limited Liability
Responsibility for the debts of the business is limited to the amount invested

Unlimited Liability
Responsibility for the debts of the business rests with the owners

Deed of Partnership
A document setting out the operations of the partnership.

Dividend
Money paid to shareholders from business profits

Capital
Money raised to start or develop a business

Shareholder
Owners of a limited company

Sleeping Partner
Someone who only invests in a partnership

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1.4 Business Aims and Objectives

What are Aims + Objectives?

Survival
many small businesses fail in the first year, an aim might be to make it through to year two

Growth
to expand into new markets or creating new products

Providing a Service
for some businesses, a quality service is their USP and is how they attract customers

Market Share
market share compares a businesses sales against competitors – the higher it is, the more control you have

Profit
most businesses operate to make a profit – often they will be 'profit maximising' businesses – occasionally, satisficing is the aim

Other Considerations!

- ➔ Some businesses may have a community or environmental aim too – like Innocent Smoothies
- ➔ Business objectives may be linked to whether the business is in the public or private sector and the type of ownership structure

Changing Aims and Objectives

Short term vs long term: Small businesses may aim to survive at first while they establish themselves in the market. In the longer term this may change as they grow.

Economic conditions: Some businesses may adopt a strategy of survival during an economic downturn such as the COVID pandemic but when the economy opens up again this may be replaced with a different objective.

Market conditions: objectives may change as a business evolves. For example a market may become more competitive and therefore market share may become a more significant focus for a business.

Key Words

Profit

What is left over from Revenue, once Costs have been paid.

Revenue – Costs = Profit

Market Share

market share compares a businesses sales against competitors

Survival

a business making it through year without failing financially

Growth

a business increasing sales / profit / market share by expanding into new markets or creating new products

Providing a service

This is where a business makes sure that the needs of the customer are being met.

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1.5 Stakeholders in Business

What are Stakeholders?

INTERNAL

- Owners / Shareholders
- Employees

EXTERNAL

- Customers
- Suppliers
- Government
- Local Community

Stakeholder Conflict

In some cases, a business can be torn between satisfying two different stakeholder groups, for example:

➔ Owners would like higher profits, but this may mean reducing cost. One way a business can reduce cost is by not increasing staff wages.

➔ Owners would like higher profits, but this may mean reducing cost. One way a business can reduce cost is by using cheaper materials, making a lesser quality product.

➔ The Government would like businesses to continue growing, but the local community may not want their local area to become even more noisy, busy and polluted

Stakeholders' Interest

➔ What different stakeholders <u>want from</u> a business:

Owners	profit, return on investment
Employees	fair wage, treated fairly and be valued
Customers	value for money, good quality products and good customer service
Suppliers	regular orders, prompt payment and fair deals
Government	tax payments, job creation, business growth
Community	consideration for local needs (noise, traffic, pollution)

Key Words

Stakeholder

A group of people who have an interest on the activities of a business

Internal Stakeholder

A stakeholder inside the business, that has a direct impact on the business day-to-day

External Stakeholder

A stakeholder that are outside of the business and do not have a direct impact on the business day-to-day

Shareholder

Shareholders are key stakeholders in a business. They are part owners of the business, having invested in its shares.

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1.6 Business Growth

Organic Growth

This growth is also known as internal growth and it occurs when a business increases its size rather than taking over another business. Methods include:

- Increasing output
- Gaining new customers
- Developing new products
- Increasing market share

External Growth

This growth occurs through a business merger or a takeover.

- Merger – this is where two businesses agree to join together to form one larger business. It's a quick way to grow your business.
- Takeover – this occurs when a business buys control of another business. This can lead to very quick growth.

Types of Merger & Takeover

Horizontal – this is when the two types of businesses are the same or similar type, e.g. two hairdresser, or a chair manufacturer merging with a business that makes tables

Vertical – this is when a business mergers or takeover a business that supplies it with goods (backwards) or a business that they supply to (forward)

Types of Merger & Takeover

Diversification – this is when the business merger or takeover is a business with which is has no real connection. So a pizza delivery firm could takeover a car manufacturer. The main benefit of this is to spread risk as well achieving growth.

The main problem with this method is that the business may not know how to run the acquired business.

Key Words

Organic growth
Growth of a business internally by increasing sales.

External growth
Growth of a business by takeover or merger

Merger
Where two or more businesses join together

Takeover
Where a business takes a controlling interest in another business

Horizontal growth
A merger or takeover where two businesses are involved in similar operations, e.g. two electrical producers

Backwards vertical growth
When a business merges with or takes over a business that supplies it with goods or services

Forwards vertical growth
When a business merges with or takes over a business that it supplies goods or services to

Diversification
When a business merges with or takes over another business with which there is no connection

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2.1 The role of Marketing & 2.3 Market Segmentation

What is the role of marketing?

Identifying and understanding the needs of customers

For example through market research

Informing customers about the products and services

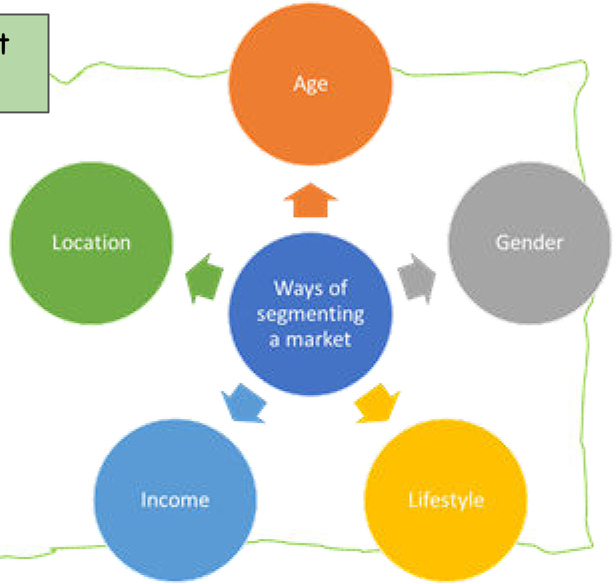
For example through advertising

Increasing sales

For example through promotion

Methods of market segmentation

Businesses use market segmentation as a way of identifying, grouping and targeting their customers.



Why segment?

Businesses will use segmentation to help them target a specific group of customers.

This will allow the business to better understand who their customers are which will allow them to make better decisions around:

- ➔ Where to market their products
- ➔ What prices to charge
- ➔ How to promote their business

Example of segmentation

Watches can be segmented in a number of ways:

- ➔ Age – child v adult
- ➔ Gender – men v women watches
- ➔ Income – Casio v Rolex
- ➔ Lifestyle – Sport v fashion v function (e.g. divers)

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Key Words

Marketing

Finding out the needs of consumers and demonstrating how a business fulfills those needs

Market Segmentation

Splitting the market into different parts based on consumer characteristics

Target Market

Is the group of customers at which a product or service is aimed, or targeted.

Method of segmentation

How a market is split in to segment e.g. age, gender etc.

2.2 Market Research

Purpose of Market Research

Is to establish whether customers are likely to buy a particular product or service i.e. is there demand.

They will do this by carrying out market research – the collection of data on customer habits to help decision making.

Choosing a research method

When choosing to use either primary or secondary market research, there are many factors that businesses need to take in to account:

- ➔ How much the business can afford to spend
- ➔ What information is required
- ➔ Location of customers
- ➔ How quickly the information is needed

Quantitative vs Qualitative

Quantitative

Pro – easy to analyse
Con – does not allow for in-depth responses

Qualitative

Pro – helps a business to understand what customers are thinking and what they want.
Con – more time consuming

Primary vs Secondary Research

Primary method	Pros	Cons
Questionnaires	Cheaper than interviews Easy to target certain people	Difficult to predict how many will be completed People may not understand the questions
Interviews	Questions can be explained Customers can easily be targeted	Expensive Customers may feel uncomfortable
Trials	Save money before making products widely available	Costly to set up
Focus groups	Data is accurate to the target market	Only small groups that take part so expensive

Secondary method	Pros	Cons
UK census data	Information comes from a lot of people (most of population)	Not collected for business use so needs careful interpretation
Data from newspapers and magazines	Lots of valuable research on markets and other businesses is carried out by news publications which are widely available for businesses to use	Information will be general and not specific to the business
Data from websites	Cheap to collect and readily available	Needs careful interpretation
Internal data	Cheap to collect Specific to the business	Data is historical – looks at past and not what will happen

Key Words

Market Research
The collection of data on customer habits to help decision making

Primary Research
Data collected first-hand (field research)

Secondary Research
Data collected by others (desk research)

Qualitative Data
Data based on opinions of those being asked

Quantitative Data
Data based on facts or numbers

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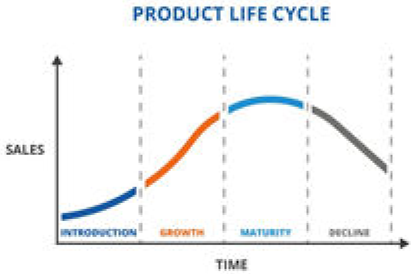
2.4 The Marketing Mix

Product

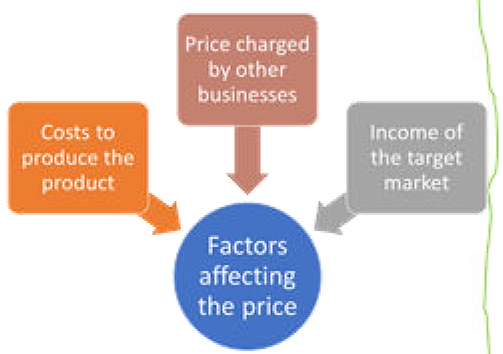
Market research will inform businesses what customers want.

The business will need to design, invent or innovate to produce their product or service. The product life cycle (shown) refers to the four stages a product usually goes through.



Price

- Competitor pricing
- Cost-plus pricing
- Penetration pricing
- Promotional pricing
- Skimming



Promotion

Point of sale promotion		Advertising	
Price Reductions	Loss Leaders	Websites	Television
Competitions	Free Samples	Social Media	Print Media
		Radio	

Place

Place is concerned with where the product is sold from and the distribution of goods

Physical distribution is the movement of a good or service using a physical presence such as a shop.

Digital distribution involves downloading from a website.

Advantages of digital distribution	Disadvantages of digital distribution
▪ Customers can access products and services 24/7 ▪ Goods are downloaded so available quickly ▪ No physical product to deliver so the business saves money	▪ 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

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Key Words

Marketing Mix
Refers to the 4 Ps of marketing – product, price, promotion and place

Product Life Cycle
The typical life stages of a product with 4 key stages: introduction, growth, maturity and decline

Innovation
The improvement of an original idea

Skimming
A high initial price

Cost plus pricing
A pricing method that adds a percentage to the total costs of making a product to arrive at the price

Penetration pricing
A price set lower than competitors

Promotional pricing
Prices are reduced to give sales a boost

Competitor Pricing
Price is set based on prices charged by competitors

3.1 The Role of Human Resources

Role of HR

- Human Resources refers to everything to do with employees in a business
- The role of HR links to all other parts of Unit 3
  - How staff are organised (3.2)
  - How staff are communicated with (3.3)
  - How staff are recruited (3.4)
  - How staff are motivated (3.5)
  - How staff are trained and developed (3.6)
  - How staff are protected by the law (3.7)

Human Resource Plan

- A human resource plan will outline what employees a business will require. It may include:
  - How many employees
  - Who will manage who
  - Types of contracts
  - Budget for salaries

Identifying HR needs

A successful business will need to plan its human resources carefully.

Some examples of the role of HR and would cause the HR department to react:

1. A sudden increase in demand which put pressure on stores, requiring them to either employ more staff temporarily or pay overtime to current employees
2. A business has invested in a new piece of technology and staff need to be trained – the HR department would look to organise the training
3. A bunch of temporary staff have been employed by a department store for the Christmas period and the HR department needs to organise induction training for them
4. A business has decided to relocate and needs to start a recruitment process for new staff
5. The business performed badly last year and the budget has been cut – the HR department needs to rethink its methods of motivation in order to save money

Key Words

Human Resources – are the workers employed by a business.

Human Resource Plan – is a plan detailing workers a business needs – how many, whether they will be full- or part-time, the skills they should have and when they will work.

The Purpose of Human Resources – is the work that must be done by human resources. It is usually broken down into a number of different jobs.

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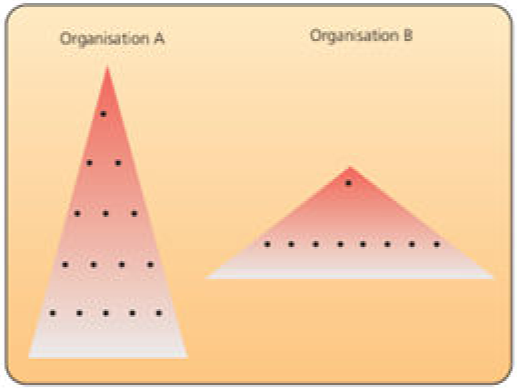
3.2 Organisational Structures

What is it?

An organisation structure is how people and departments are organised within a business.

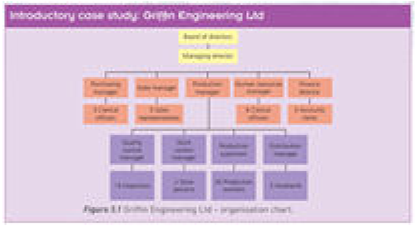
An organisation chart is a way of displaying the organisation structure. They show how responsibilities in an organisation are divided up among different departments and people.



Tall

Advantages:
–The span of control of managers is likely to be narrower than in flat structures, meaning that he or she does not have too many people to look after.
–There will be plenty of opportunities for workers to gain promotion that will motivate them.

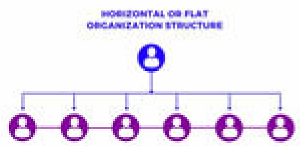
Disadvantages:
–They are expensive. Managers are paid more than the workforce and lots of Layers means lots of managers.



Flat

Advantages:
–Communication from top to bottom might be quicker than in tall structures because there are not as many layers.
–It is likely that fewer mistakes in communication will occur because messages do not have to be passed through so many layers.
–The wider spans of control of managers will mean that they must delegate work and share authority. This will make the workers feel trusted and may encourage then to work harder.

Disadvantages:
–If the span of control is to wide then the manager may find it difficult to manage the team effectively.



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Key Words

Subordinates – The person a worker is responsible to is their line manager. The workers who someone is responsible for are known as their subordinates.

Span of Control – The span of control refers to the number of subordinates a manager is responsible for. The sales manager has a span of control of five subordinates – they are the line manager for the five sales representatives who are their subordinates in that department.

Delegation – Delegation is the act of giving another person a specific responsibility for doing something. The line manager will have been delegated responsibility by their line manager. This means that they will have been given authority to make certain decisions and to carry out specific responsibilities. For example, the production manager may have delegated responsibility to the quality control manager for how the quality of production will be monitored.

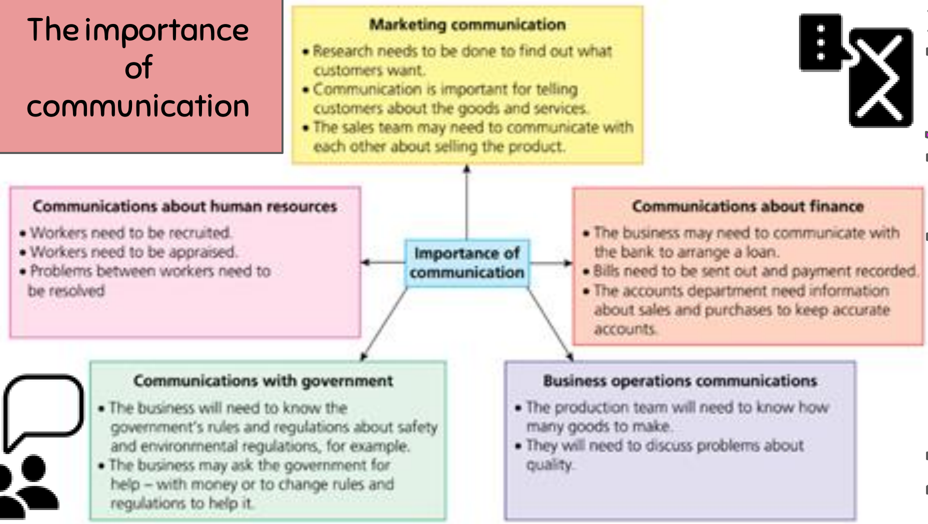
Chain of Command
There is a chain of command with those at the top of the hierarchy being able to send instructions to those lower down. The managing director of Griffin Engineering Ltd has more authority than the production manager, who is on a lower layer of the organisation. The managing director could send an order to the quality control manager through the production manager. This would represent the line of communication through which the order was made.

3.3 Communication

What is it?

Communication is about sending and receiving messages. Good communication is essential to business. Different ways of communicating are appropriate for different kinds of businesses and for what needs to be communicated. Developments in digital technology have improved the speed and effectiveness of communications in business which have helped to reduce business costs and increase competition.

The importance of communication



Pros and Cons of different methods

	Method	Pros	Cons
Verbal/Spoken	Phone verbal	+ Good for discussion + It is immediate	- No record taken - Don't always get through first time
Verbal/Spoken	Meeting	+ Good way to share ideas + Minutes (record) taken	- Can be expensive - If formal, can take time to set up
Verbal/Spoken	Presentation	+ Opportunity to prepare what is to be said + Possible to ask question	- If to many people, difficult to check understanding of all - Can take time to set up
Non-verbal/written	Letter	+ Provides a record + You can take time to write it	- It takes time (writing and delivery) - Unable to check understanding
Non-verbal/written	Email	+ Very fast method +Good for short messages	- A person may not check emails regularly - Emails are often ignored/lost
Non-verbal/written	Text	+ Fast method +Receiver can save message	- Only limited info can be sent - Not good for discussion
Non-verbal/written	Social media	+ Selected groups can be targeted cheaply + Pictures can be included	- Someone needs to manage communication - Not easy to judge impact
Non-verbal/written	Website	+ Saves money as info can be posted here + Customers can order online	- Customers cannot ask questions easily - Customers cannot view the goods

Key Words

Communication
Is the transmission of a message from a sender to a receiver through means of communication

Digital communication
Is the exchange of information electronically

Vertical communication
Is communication up or down the hierarchy

Horizontal communication
Is communication between people of the same level of the hierarchy in an organisation

External communication
Is communication between people in an organisation and others outside that organisation

Internal communication
Is communication between people employed in the same organisation

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3.4 Recruitment and Selection

Why do businesses recruit?

Businesses recruit when:

- ➔ Starting up
- ➔ The business grows
- ➔ An employee leaves
- ➔ They need to fill a skills gap

The Recruitment Process

Recruitment

1. The business identifies there is a vacancy (job available)
2. Recruitment documents are produced(advert s etc)
3. The post is advertised internally and/or externally
4. Applications are recieved and the best candidates are short listed
5. Candidates attend interviews and complete tests if needed
6. the best person for the job is given the job(recruited)

Selection Methods

Tests and presentations

The applicant's ability for a specific skill(EG Typing) can be tested
A presentation enables the applicant to demonstrate their ideas and ability to communicate

Reference

A statement from a previous employer to give information about work done by the applicant and how well they did their job

Letter of application

The applicant uses this to explain why they think they are suited for the job.
It is helpful to see how well the applicants information is put together.

Interview

The business representative asks questions of the applicants.
Good for finding out what applicants have to say and judging their personality and communication skills

CV

A summary of the personal details, qualifications and experience of the applicant.

Application form

The firm can specify the information it needs and will the applicants will need to complete the form.
A good way to compare the applicants

Group Activities

Applicants work together on a task
Good for showing how well people work with other.

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Key Words

Recruitment

The process of actively seeking out, finding and hiring candidates for a specific position or job

Selection

The process of choosing between applicants for a job

Job description

Lists the main duties, tasks and responsibilities of a worker

Person specification

Lists the qualities, qualifications and knowledge that a person should have

Skills Gap

Refers to the difference between the skills required for a job and the skills possessed by the current workforce

3.5 Motivation (the importance of motivation and financial methods of motivation)

The importance of motivation

High worker productivity

Workers will produce more goods or deliver improved services in the time they work. This will reduce the costs of production and therefore the prices the business can charge. This may help to improve sales and profits for the business.

Reduced levels of worker supervision

Workers will want to do their job well. This may reduce business costs as fewer supervisors need to be employed.

Low worker absenteeism

Workers will be happy coming into work and less likely to take a day off if they are only slightly unwell.

Improved quality

Workers will take pride in doing thor work well and will produce quality goods and services, knowing that this will satisfy consumers and give the business a good name. There will be less waste which will help the business to reduce costs.

Financial Methods of Motivation

Pay

A wage is usually paid weekly and is based on the number of hours worked. Extra can be earnt from overtime. It motivates workers as the more they work, the more they earn.
However it does not reward workers for how well they do the job.
A salary is an annual sum divided across 12 monthly payment. It is often associated with professionals such as accountants, teachers. It motivates workers as they receive a regular income.

Bonus

A payment that a worker receives in addition to their pay, usually for meeting a target. Can be paid to individuals or teams.
Bonuses are likely to increase productivity.
However, targets need to be fair and realistic or workers will not be motivated.

Fringe Benefit

These are benefits given to workers in addition to their pay.
They may help to motivate workers by providing an attractive package of pay and benefits.
Fringe benefits are a cost to the business and so may reduce profits..

Profit sharing

Workers are paid part of the profits of the business.
It motivates them because they know if they work efficiently the business will make more profit and it will increase their income.
However, it means that it reduces the profits for shareholders..

Key Words

Financial Methods of Motivation

All involve some kind of payment to encourage workers

Bonus

An additional payment to workers for achieving a target

Fringe Benefits

Additional benefits that workers may receive in addition to their pay, such as health insurance, gym membership

Pay

The money earned by workers as a reward for the work they do

Profit sharing

When workers receive some of the profits made by a business

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3.5 Motivation (the importance of employee retention & non-financial methods of motivation)

The importance of employee retention

Lower Costs

If the business retains its staff it will have to spend less time and money recruiting new staff.

Greater efficiency

Retained staff are familiar with the business and its customers. This helps the business to run more efficiently, providing a better service to its customers.

Higher worker morale

A more stable staff team is likely to lead to higher morale amongst the staff. Higher motivation is likely to improve productivity and quality. It also makes it easier to recruit new staff as they will have a better reputation for treating its staff well.

Non-financial methods of motivation

Praise

Workers are thanked for the work they have done. THis makes workers feel appreciated and valued and those who are not praised may feel they need to do better to earn praise.
Advantage – no cost and creates a positive atmosphere
Disadvantage – if there is no financial reward over a long period of time workers may not feel valued.

Award Scheme

Workers are presented with awards which may be vouchers for days out or holidays or certificates. It helps to make workers feel valued.
Advantage – the cost tends to be relatively low
Disadvantage– they need to be given fairly

Working environment

This will involve making the workplace a pleasant place to work both ina practical and team based way. It may include listening to workers views and giving them a say in the business.
Advantage – creates a positive work environment where people feel valued
Disadvantage – there is a cost

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Quizlet

Exam Style Question

Further reading

Extended Reading

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Key Words

Labour Turnover

A measure of the number or proportion of staff who leave an organisation each year and who therefore need to be replaced.

Retention

When workers choose to stay employed in a business rather than leaving to work elsewhere

Praise

A way of motivating a worker by complementing their work

Award Scheme

A presentation to recognise an individual or team's effort and achievement

Working Environment

The quality of the physical workplace and its atmosphere

3.6 Training and development

Why do business train their employees?

- Training staff can help develop and improve the business. It can improve productivity and quality.
- Training staff may give them new skills.
- Training has advantages and disadvantages.

For the business

✓ Improve productivity and quality.
✓ Employees are less likely to leave.
✗ Costs money
✗ If off-the job training employees aren't working.

For the employee

✓ Will be better skilled, could get a better job as a result.
✓ Could gain a qualification.
✗ May mean additional hours or travelling if it's off-the-job training.

Types of Training

All employees will receive some sort of training from the business they are employed by. The types of training can be found below:

Induction Training

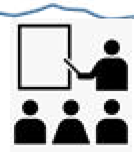
This is training that an employee will receive when they first start a new job. This would usually include:
- a tour of the business.
- issuing computer logins
- Explanation of the organisational structure
- Health and safety briefing

On-the-job training

This happens within the business, usually whilst employees continue working.
✓ Cheaper to carry out
✓ Learn from experienced employees.
✗ Can be disrupted/distracted

Off-the-job training

This happens away from the business usually by an expert.
✓ Can train many at once
✓ More expensive than off-the-job training.
✗ Workers need paying whilst not working.



Types of Development

Vocational

these courses are designed to help you learn in a practical way about a specific job area

Academic

these are qualifications are designed to help you learn in a theoretical setting.

Apprenticeships

An apprenticeship is a paid job where the employee learns and gains valuable experiences.

Benefits or the business

✓ More motivated staff as they feel they are valued.
✓ The business will retain staff as they are happy working at the business.

Benefits for the employee

✓ Gain a recognised qualification
✓ Improved career opportunities.

Key Words

Training

Short term methods to focus on helping staff do their job well

Development

Long term training focused on helping staff realise their long term potential

Professional Development

Includes both vocational and academic development. It involves learning over a long period of time. Workers may learn through external courses with this learning being reinforced by practical activity in the workplace.

Induction Training

Training to introduce a new worker to the business, place of work and their fellow workers as well as their jobs

Quizizz – test yourself!	Quizlet	Exam Style Question	Video Links	Extended Reading

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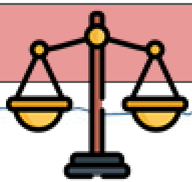
3.7 Employment Law



What is it ?

- Employment law is designed to protect workers from employers who may treat them unfairly.
- Without these, your boss could ask you to work 15 hours a day, 7 days a week and fire you for then being tired!
- There are lots of different laws protecting workers, but the main ones you need to know for your GCSE are on this page!

Discrimination

This important act, makes it illegal to discriminate against a worker based on their:

- Race
- Sex (inc. equal pay)
- Disability
- Sexual orientation
- Religion or beliefs

The Equality Act 2010 brought together 116 pieces of legislation into one single Act which is designed to protect the rights of workers.

The main times when people may be discriminated against are: when being recruited, paid, their terms & conditions of employment (hours, etc.), promotion opportunities, training opportunities and when the worker is being dismissed / made redundant.

Employment Rights Act

As soon as you accept a new job, you are technically 'under contract', but your new company must outline your contract, in writing, within 2 months of your start date. This contract should state your working hours, salary / wage, right to time off as well as many other things.

Working Hours

The Working Time Directive is a piece of legislation that limits your working hours.

This means that employers must:

- Give you a 20 min break for every 6 hours worked.
- Not ask you to work more than an average of 48 hours per week across a 17-week period (U18's = max 40).

Holidays

There is even laws saying that you must have holiday entitlement! Isn't that nice!
If you work full time (5 days a week), you're entitled to 5.6 weeks holiday a year. This is the minimum and does include bank holidays. Many companies offer more than this government minimum.

Why comply with these laws?

Complying with these laws is likely to increase costs for the business and take up valuable management time, so you might be tempted to think that entrepreneurs should just ignore them. However, breaking these laws could lead to:

- Fines
- Court cases
- Jail time for the owners

Key Words

Employment law
Designed to protect workers from employers who may treat them unfairly

Discrimination
When one worker is treated differently from another for no acceptable reason.

Working time directive
Statement of the maximum number of hours that a person can be asked to work

Holiday entitlement
the amount of paid holiday that a worker can have in a year

Employment tribunal
Panel that hears cases where employment laws may have been broken and which comes to a decision either in favour of employee or employer

Contract of employment
Legal agreement between an employee and their employer

Statement of employment particulars
Part of the employment contract. It gives details of the terms of employment

Quizizz – test yourself!	Quizlet	Exam Style Questions	Video Links	Extended Reading

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