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Types of businesses:

- Sole trader is suitable for a small business with one owner.
- Partnerships are suitable for two to 20 owners of small to medium businesses.
- Private limited companies are suitable to raise funds and grow the business while maintaining control.
- Public listed companies are suitable to raise large amount of funds publicly.
- Social enterprises are suitable for businesses that focus on improving a community or environmental cause.
- GBEs are a unique type of business that can only be designated by the government.

Business objectives:

- Make a profit
- Increase market share
- Meet shareholder expectations
- Fulfil a market need
- Fulfil a social need

Areas of management:

- Operations creates the goods or services.
- Human resources manage employees.
- Sales and marketing sell the product to customers.
- Finance manages the money of a business.
- Technology support provides technical assistance to other areas of management.

Corporate culture:

- Corporate culture is the shared values and behaviours of owners, managers, and employees in a business.
- Official corporate culture is the formal guidelines determined by the owners and managers.
- Real corporate culture is the actual practices and behaviours that occur within a business.

Management styles:

- Autocratic
- Persuasive
- Consultative
- Participative
- Laissez – Faire

Management skills:

- Planning is establishing objectives and possible strategies for the business.
- Decision-making is choosing the appropriate course of action for the business.
- Communicating is clearly sending/receiving information from various stakeholders of the business.
- Delegating is assigning control of specific business tasks to selected employees.
- Interpersonal is interacting and building positive relationships with employees.
- Leading is influencing employees to achieve the goals of the business

UNIT 3 AOS 2

Human Resource Management

The effective management of the relationship between an employer and their employees. Human resource management is responsible for ensuring that employees are completing their required jobs and contributing to the achievement of business objectives. Managing employees effectively involves providing employees with wages, tasks and working conditions that maximise job satisfaction while meeting objectives.

Maslow's Hierarchy of needs

Physiological needs are the basic requirements needed for survival.

Safety and security needs are the desires to be free from harm.

Social needs are the desires for interactions with others.

Esteem needs are the desires to feel valued and confident.

Self-actualisation is an individual being driven by intrinsic motivators.

The 4-drive theory

- The drive to acquire – the desire to receive rewards.
- The drive to bond – the desire to socialise with others.
- The drive to learn – the desire to gain knowledge and skills.
- The drive to defend – the desire to protect.

Motivation strategies

Performance related pay - a financial reward for reaching or exceeding a set business goal

Adv - Employees can personally gain from meeting set goals. Dis - Over time employees may require rewards to increase in value.

Career advancement - the upwards progression of an employee's job position

Adv - Can allow employees to achieve personal improvement goals. Dis - Some employees may not desire increased responsibility

Investment in training - allocating resources to improve employees' skills and knowledge

Adv - Employees may feel valued as the business wants to advance their skills. Dis - Some employees may not value increasing their skills and knowledge.

Support - a manager assisting employees to improve their performance

Adv - Employees feel valued by managers as their wellbeing is being supported. Dis - May not motivate employees quickly

Sanction - a manager punishing employees to get them to perform as needed

Adv - Can motivate employees immediately. Dis - Levels of trust between employee and management may decrease

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Training options

On the job – Adv – Individuals who train staff can develop strong work relationships. Dis - Employees completing the training may become distracted by the workplace

Off the job – Adv – Employees are likely to perform training in an environment meant for training which can reduce distractions. Dis – Travel times associated with off-site training may be long.

Termination Management

CSR - where businesses look at how they can better serve society as a whole, thereby improving its public image and relations.

Redundancy - When a person's job no longer exists

Entitlement issues – Include wages or salary (your pay), annual leave, long service leave, sick leave, redundancy pay, superannuation and other benefits.

Transition issues – When an employee leaves the business, managers must consider the issues that relate to the process that the employee will go through in changing from one job to another

POD – one focusses on employees, the other focusses on what will happen to the employees

Roles of participants

Unions – represent employees presenting their views

Fair Work Commission – approves agreements, ensures businesses comply with agreements and resolves workplace disputes

Employee association – provide support and advice to employers and employees to help them better understand their rights and obligations in the workplace

Awards and Agreements

Awards – minimum pay and working conditions of all employees

Agreements – Set out pay and work conditions for employees in a workplace

Become employee of choice

Employees are happier and more likely to stay

Dispute Resolution process

Grievance – problem has occurred, words are spoken, no further action

Mediation – Third party is involved to solve issue (usually Fair Work Commission)

Arbitration – both parties are presented in from of Fair Work commission and decision is made

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Efficiency and effectiveness

Efficiency refers to how much a company or organization can produce as it relates to the amount of time, money and resources needed.

Effectiveness is the level of results from the actions of employees and managers.

the relationship between operations management and business objectives

Operations management is the area within the organisation that is responsible for producing the goods or providing services to the consumers through the transformation or processing of inputs into outputs

The organizational strategic goal is to use operations management to be as efficient as possible. When operations management is efficient, goods and services are produced at a higher capacity, reducing the cost per unit. Business leaders need to consider all strategies that improve efficiency and company profitability

OBJECTIVE: increase market share, i.e., enlarge the proportion of the market the organisation has compared with its competitors
STRATEGY: develop an e-commerce website to sell product to a bigger market

OBJECTIVE: contribute to the wellbeing of society
STRATEGY: introduce more sustainable production practices such as waste reduction and recycling

characteristics of operations management within both manufacturing and service businesses

Manufacturing – The role of operations managers in the manufacturing sector includes production planning, production control, and quality control. During production planning, managers determine how goods will be produced (production process), where production will take place (site selection), and how manufacturing facilities will be laid out (layout planning).

Service – Operations managers in the service sector make many decisions that are similar to those made by manufacturers: they decide which services to offer, how to provide these services, where to locate their businesses, what their facilities will look like, and what the demand will be for their services.

key elements of an operations system: inputs, processes, and outputs

Inputs - resources used in the process of production (materials, capital equipment, labour, information, time, and money)

Processes - are the activities that convert the inputs (resources) into the final outputs (goods or services)

Outputs - are the finished product or service that is offered to customers

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strategies to improve the efficiency and effectiveness of operations related to quality, including quality control, quality assurance and Total Quality Management

- Quality control: finds and fixes errors before they reach the customer.
- Quality assurance: provides consumers with confidence in a business's goods or services by preventing errors from occurring.
- Total quality management: all members of a business actively improving the quality of processes to prevent errors

Automated Production line – are machinery and equipment which are arranged in a sequence, and the product is developed as it proceeds through each step. Each station along the automated production line performs a specific operation in a sequence and is controlled by a computer to perform tasks automatically.

Supply-chain management is a cross-functional approach and it is the management of the flow of goods and services,[2] between businesses and locations, and includes the movement and storage of raw materials, of work-in-process inventory, and of finished goods as well as end to end order fulfillment from point of origin to point of consumption.

Forecasting – assists managers in making informed decisions about the materials and quantities needed to meet predicted customer demand. Forecasting helps managers to avoid ordering insufficient or excessive amounts of materials

Master production schedule – breaks down the production process and determines output targets that align with predicted customer demand. The master production schedule specifies details such as the location, timing and quantity of the production of outputs

Materials requirement – creates a detailed plan of the exact materials needed to meet production targets. Operations managers are required to consider the materials a business has on hand. Using this information, managers can determine what materials need to be ordered in the appropriate quantities.

Just in Time – ensures that a business always has minimal stock on hand. Reducing the amount of stock held decreases storage costs and prevents stock from being damaged or expiring. When just in time is implemented well, it should lead to the elimination of all idle stock and waste

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Waste minimisation – involves actively reducing the amount of defective, unused, returned or discarded materials by a business. Minimising waste can allow a business to provide customers with goods and services at a low cost as well as optimal quantity and quality. It can be implemented quickly by a business through various strategies and is a main focus for businesses wishing to immediately lower their costs.

Lean Management – A business that applies lean management identifies and then eliminates the amount of waste generated within its operations system. By reducing the amount of waste generated in production, less materials are purchased which then reduces the overall cost of inputs.

Pull – A business produces goods only when it is required by customers. Applying the principle of pull prevents any unwanted products from being produced by the business and then discarded when they are not purchased.

One piece flow – Delivers products to customers quickly by building one product at a time. When one item goes through an entire production process, each stage takes a lot less time.

Takt – A business applying takt ensures that there is a continuous pace in its operational processes to keep up with customer demand. To achieve a continuous pace, the output of one production stage is transferred to the next step in a timely manner.

Zero Defects – A business and employee approaching production with an ongoing attitude of preventing defects from occurring and improving the final output. If a defect is found, production is halted so that it is not passed on to the next production stage.

UNIT 4 AOS 1

Business change:

Business change: The adoption of a new idea or behaviour resulting in a difference in the form or operation of a business over time

Pro – active: To initiate change rather than simply to react to events

Reactive: To wait for a change to occur and then respond to it

Key performance indicators (KPIs):

criteria that measure how efficient and effective a business is at achieving different objectives.

- Percentage of market share: How well a business is performing within their industry
- Net profit figure = Total revenue – Total expenses: whether expenses are too high, or revenue is too low
- Number of sales: assess how well the business's goods and services are selling.
- Number of customer complaints: the amount of customers who have been dissatisfied

HR and KPI's:

- Rates of staff absenteeism: an indicator of staff morale
- Number of workplace accidents: amount of injuries / unsafe incidents occurring at work
- Level of wastage: amount of inputs and outputs that are wasted in the production process

Force Field Analysis:

Lewin's force field analysis theory helps businesses determine if a proposed change will be successful. To conduct the theory, businesses complete a five-step process:

1. Identify the need for change
2. Identify driving forces
3. Identify restraining forces
4. Assign scores to forces
5. Analyse situation and apply

	Advantages	Disadvantages
Business	• Businesses can examine if a proposed change will be successful.	-
Employee	-	• Employees may be unhappy if driving forces exceed restraining forces and change still occurs.
Time	• Businesses can potentially save time by promoting the main driving forces and limiting the main restraining forces.	• Can be time-consuming, especially if a business must go ahead with a change. For example, a change is required for legislation.
Money	• Businesses can potentially save money by only implementing change where success is likely.	-

UNIT 4 AOS 1

Internal Driving Forces:

- Are factors within or outside the business's environment which promote change
- Managers: ensure that the business is achieving its objectives.
- Employees: help achieve business objectives by completing tasks to meet business needs
- Pursuit of profit: opportunities to improve performance will encourage a business to change
- Reduction of costs: Businesses always seek to be as efficient and effective as possible

External Driving Forces:

- Competitors
- Technology: increase the efficiency of their operations and improve overall productivity
- Societal attitudes: online reviews
- Legislation: comply with laws and regulations to avoid fines, suspensions or even closure
- Innovation: always looking for ways to improve their products
- Globalisation: international competition and market

Restraining Forces:

- are internal and external factors that resist a business change or actively try to stop it
- Managers: May be unwilling to introduce a business change if it affects them-driving
- Employees: May be unwilling to be in a business change if it affects them in any way-driving
- Legislation: businesses need to comply with laws and rules to avoid fines or closure-driving
- Time: Implemented in stages or another business is engaged to assist with doing the change
- Financial: must ensure that it has enough funds to carry out the proposed change
- Organisational inertia: change in structure

Contemporary business – Big W (Time):

Big W plans to close 30 low performing stores over the next 3 years to increase profitability as quickly as possible. However, Big W is restricted by lease agreements averaging ten years that it made with shopping centre landlords. To overcome this restraining force, Big W is planning to pay costly fees to exit landlord leases at an earlier date.

Porter's Generic Strategies:

- Lower cost strategy: A business offering customers similar or lower-priced products compared to the industry average while remaining profitable by achieving the lowest cost of operations among competitors
- Differentiation strategy offers customers unique services/product features that are of perceived value to customers which can then be sold at a higher price than competitors

Both lower cost and differentiation strategies aim to increase the profitability of a business. A lower cost strategy focuses on achieving the lowest cost of operations within an industry. In contrast, differentiation aims to provide added value to a product or service. However, Michael Porter emphasises that a business should only choose one strategy. This is because pursuing lower costs contradicts the increased costs needed to differentiate.

A lower cost approach also targets cost-conscious customers by selling at similar or lower prices than the industry average. In contrast, a differentiation approach sells to customers who are willing to pay premium prices. While a differentiation approach focuses on meeting customers' needs through added product features or services, a lower cost approach concentrates on the operating processes to achieve the lowest cost of operations in an industry.

UNIT 4 AOS 2

Leadership in change management:

Leadership in change management is the ability to positively influence and motivate employees towards achieving business objectives during transformation. To demonstrate strong leadership in change management, managers need to:

• Build a shared vision by informing employees of the reasons and benefits of change, as well as the consequences of not changing.

• Provide ongoing communication with clear instructions to employees as they move from current to new practices.

• Provide ongoing support including employee counselling, training, and consultation.

Human resource management strategies to respond to KPI's:

- Change in management skills
- Change in management styles
- Staff motivation
- Staff training

Operation management strategies to respond to KPI's:

- Increased investment in technology
- Improve quality in production
- Initiate lean production techniques
- Cost cutting
- Redeployment of resources

New business opportunities:

- Expanding to new locations
- Online sales
- Exporting
- Differentiation

Senge's learning theory:

• Systems thinking the understanding that different areas of the business are interrelated and can affect one another.

• Mental models challenging pre-existing assumptions to find improved ways of operating.

• Shared vision developing a business mission that all members are committed to.

• Personal mastery an individual committed to constantly developing themselves.

• Team learning promoting the use of collaboration to improve the skills and knowledge of all members.

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Low risk strategies to overcome employee resistance:

• Communication reduces employee resistance by ensuring employees understand why change is necessary.

• Empowerment reduces employee resistance by giving them a sense of ownership towards the change.

• Support reduces employee resistance by overcoming levels of fear and stress towards change.

• Incentives encourage employees to support change by providing them with rewards.

High risk strategies to overcome employee resistance:

• Manipulation is convincing employees to accept and follow change by using deceptive and incomplete information.

• Threat is forcing employees to accept and follow change by stating that they will face punishment.

Lewin's 3 step change model:

• The unfreeze step brings the business to a state where it is ready to transform.

• The change step introduces the business to the change.

• The refreeze step establishes and sustains the change within the business.

CSR considerations:

• Employees: businesses can improve the wellbeing of their employees.

• The general community: businesses can reduce social harm caused by a change and make a positive impact on society.

• The environment: businesses can contribute to preserving the planet by conducting the change in an environmentally ethical manner.

Evaluating changes:

It is vital for a business to evaluate performance following a change. Evaluating performance following transformation can identify if the change has been successful or if further changes need to be made. Changes can also be successful but still affect other areas of the business negatively