

## **BUSINESS MANAGEMENT**

### UNIT 3 AREA OF STUDY 1 – BUSINESS FOUNDATIONS

#### **BUSINESS MANAGEMENT STUDY DESIGN PAGES 16-17**

##### **What's on the SAC?**

How do you know what's going to be on the SAC? Easy. Look at the Key knowledge on pages 16-17 of the Study Design. There will be a question on each of the bullet points under Key knowledge. So don't hope that some of the key knowledge you don't understand won't be on the SAC. It **WILL** so ask for help if you need it.

**Always remember: asking for help is showing an intention to learn not a sign of failure. In fact not asking for help when you need it guarantees failure.**

**Making a mistake is not a sign of failure. Mistakes are opportunities because they represent an opportunity for you to learn something new. You should embrace the fact that you will make mistakes and see them for what they are: an opportunity to learn. The more you can learn before the SAC the higher your score.**

**The famous basketball player Michael Jordan said the following about why he was so successful: 'I missed more than nine thousand shots in my career. I've lost almost three hundred games. Twenty-six times I've been trusted to take the game-winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed'**

***Succeeding at something that you first thought was really hard will make you feel really good about yourself. Have high expectations and ALWAYS believe that no matter how long it takes to get it YOU CAN DO IT. Welcome the challenge. When you master it you will feel great.***

##### **General information about this pack.**

The materials and activities in this pack are designed to help you understand the Key knowledge, practise the Key skills (task, limiting and content words) and make sure you prepare for the SAC as best you can. Your teacher will be checking that you are keeping up to date with these materials. If you fall behind you may find yourself in a catch-up class.

The materials have been designed so that you can work with and edit them. Please take a copy on a USB from P Drive.

The materials follow the order of the Study Design. When you are revising your notes and condensing them for the SAC just follow the order of this pack.

Where you see the sub-heading **Key knowledge** you will know this is one of the bullet points under Key knowledge on pages 16-17 of the Study Design.

Each section of this pack will make it clear to you what you have to do to succeed so make sure you read the **success criteria** for each section very carefully and keep referring back to it as you work through this pack.

## Key Knowledge

Types of businesses including sole traders, partnerships, private limited companies, public listed companies, social enterprises and government business enterprises

Textbook pages 8-14

### SUCCESS CRITERIA:

1. Define the different types of business
2. Distinguish the different types of businesses
3. Discuss the different types of businesses
4. Apply the above knowledge to practical and/or simulated business situations

We're going to start at section 1.2 of the textbook because we can. Don't panic! We'll come back to section 1.1 at the appropriate time.

There are a number of different types of businesses and the Study Design says you need to know them. Using the textbook you're now going to define them.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_

Now complete the following textbook activities:

- Page 9: 1-7
- Page 11: 1-6
- Page 14: 1-6

### CONTENT WORD ALERT!

Content words are words and terms that you need to be able to **define** even if a question doesn't ask you to define them. You need to start building a glossary of them straight away and revise them regularly so you can define them on the SAC and the examination. A bonus of doing your glossary is you don't have to throw it out at the end of the year. You can store it in a safe place and hand it down to your children. They will hate you for doing this which will make you happy.

A definition is simply the meaning of the word or term. There is one very important rule that you **must** follow when defining. **Never use the word or term that you are defining in your definition.**

Let's assume that your name was Brian which is really weird if you're female. Anyway, if someone asks you what your name means you don't say Brian because that's not the meaning. Instead you say Brian is from old French and is a derogatory byname derived from the old Occitan word brian meaning 'maggot'. So if someone asks you the meaning of your name you basically say I'm a maggot. In Business Management if someone asks you what objective means you don't say it's an objective because that's not the meaning! So don't be like Brian means Brian. Be like Brian the maggot and **never use the word or term you are defining in the definition.**

## Key knowledge

**Business objectives including to make a profit, to increase market share, to fulfil market and/or social need and to meet shareholder expectations**

**Textbook pages 15-18**

### **SUCCESS CRITERIA:**

**You can:**

- 1. define content words;**
- 2. explain why businesses have objectives;**
- 3. describe the objectives of different types of businesses;**
- 4. outline similarities in the objectives of different types of businesses.**

Basically objectives are what the LSO wants to achieve and strategies are the actions they will take to achieve those objectives. Strategies include goals. Therefore, objectives are the what and strategies are the how. The Business Management Examiners have an objective to finish each year's Examiner's Report so they can have a massive party. But they need a number of strategies to do this. So they have to get organised, work hard, study the data that they get from the Business Management Assessors and then write the report. It then needs to be proof read before it can be published. And once it's published they PARTY!

Business Management Examiner's party going off!



Let's start defining our content words on pages 15-18.

1. Objective
2. Strategy
3. Vision statement
4. Mission statement

A simple way to remember the difference between the mission and vision statement is that the mission statement is who we are and what we do (the purpose of the organisation) while the vision statement is who we want to become. The mission statement refers to the present while the vision statement refers to the future.

Explain the relationship between objectives and strategies?

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Outline the following objectives:

To make a profit

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To increase market share

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To fulfil a market need

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To fulfil a social need

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To meet shareholder expectations

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**Textbook Activities**

- Page 18: 1-9

**Key knowledge**

**Characteristics of stakeholders of businesses including their interests, potential conflicts between stakeholders, and corporate social responsibility considerations**

**Textbook pages 21-29**

**SUCCESS CRITERIA:**

**You can:**

- 1. define content words;**
- 2. explain whether a stakeholder is from the internal or external environment**
- 3. outline the interest that each stakeholder has in the different types of businesses**
- 4. explain how the stakeholders interest can conflict with other stakeholders and how their interest can conflict with the different types of businesses; and**
- 5. discuss socially responsible strategies**

Stakeholders are people or groups that deal with the LSO and therefore have an interest in the LSOs activities. Each of the stakeholder's interests are different and they can conflict with the interests of other stakeholders and the LSO. In addition, stakeholders can place pressure on LSOs to act in a socially responsible manner.

**Textbook Activities**

- Page 23: 1-4, 6
- Page 26: 1-6
- Page 29: 1-6

**2014 Examination Question 2b**

*In response to an increased customer demand for air conditioners, AusClean Air's CEO, Hilary Lopez, has announced that 'environmentally friendly and noiseless units' will be produced in the company's manufacturing plant to gain a substantial competitive advantage and increase AusClean Air's market share. Employees have heard rumours that AusClean Air will be introducing new technologies and many of them do not welcome the change. The Human Resource Manager has been called in to help the employees cope with the transition. The Operations Manager welcomes the change.*

*Identify **two** stakeholders of AusClean Air. Explain their interest in the organisation and how this should be taken into account by AusClean Air when considering its corporate social responsibility.*

*(6 marks)*

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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Teacher's comments on my answer to this question.

*2013 Examination Question 1c*

*Stakeholders may place competing demands on large-scale organisations.  
Explain why this may occur.*

*(2 marks)*

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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\_\_\_\_\_

Answer the question below

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Teacher's comments on my answer to this question.

*2010 Examination Question 1b*

*The Global Financial Crisis has led to a substantial reduction in the number of customers for Flyalot Airlines. Management is predicting that a further drop in customer numbers will occur over the next twelve months. As a result management is reviewing all areas of the organisation.*

*Identify and explain how **two** stakeholder groups of Flyalot Airlines would have been adversely affected by the Global Financial Crisis.*

*(4 marks)*

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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Answer the question below

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Teacher’s comments on my answer to this question.

*2009 Examination Question 1a*

*Define the term stakeholder.* *(1 mark)*

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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Answer the question below

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Teacher's comments on my answer to this question.
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*2008 Examination Question 2d*

*Country Foods is a food processing company with plants in Bendigo, Ballarat and Geelong. It is a major employer in these regional centres. Due to the severe drought in Victoria, Country Foods has made a business decision to close the Bendigo factory. The Human Resource Manager, Bob Spiteri, is responsible for implementing the closure in relation to staffing matters. The company's CEO has contacted Bob Spiteri as he is concerned about possible industrial relations action\ that might impact on the company's stakeholders.*

*Identify **two** stakeholders of Country Foods. Discuss the potential impact of this closure on these stakeholders.*

*(4 marks)*

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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2006 Examination Question 1b

Southern Furniture Ltd's mission statement reads:

*Southern Furniture Ltd is a leader in the manufacturing of household furniture. Our mission is to meet customer needs with the highest quality products and services. This will support the profitability and the growth expectations of our shareholders. We care about the future of our environment and we support programs that protect communities.*

*Apart from the stakeholders mentioned in the mission statement, identify two other stakeholders of Southern Furniture Ltd and explain their importance to the organisation.*

(4 marks)

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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Answer the question below

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Teacher's comments on my answer to this question.

*2005 Examination Question 2a*

*Distinguish between stakeholders and shareholders.*

*(2 marks)*

Identify the following in the question above.

Task word(s): \_\_\_\_\_

Limiting word(s): \_\_\_\_\_

Content word(s): \_\_\_\_\_

Time on question: \_\_\_\_\_

What does the task word require you to do?

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Answer the question below

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Teacher's comments on my answer to this question.