

Business environment

Unit level 4

Unit code J/650/9641

GLH 60

Credit value 15

Unit grading structure

Pass-Merit-Distinction

Unit aims

The unit will develop learners understanding of the wider business environment and the internal and external conditions in which different organisations operate. Learners will also gain understanding of organisational responsibilities and structures.

Learning outcomes The learner will:	Assessment criteria The learner can:		
	Pass	Merit	Distinction
1. Understand types of organisations, their purposes and responsibilities.	1. Analyse the purposes and responsibilities of organisations across different sectors 2. Analyse how organizational fulfil their responsibilities to stakeholders	1. Explore the tensions between traditional organisational structures and the stated purposes for an organization.	
2. Understand the structure of organisations	1. Explain the different structures found within organisations 2 Analyse the functions of different departments and their inter-relationships in organizational structures.		1. Propose improvements to the structure of a named organisation.
3. Understand the impact of the market environment on organisations.	1. Analyse the impact of changes in key market forces on the organisation. 2. Analyse possible planned interventions in the marketplace and their impact on organisations. 3. Analyse the impact of financial and non-financial market data on an organisation.	1. Assess the response of a named organization to change in its market.	1. Assess the challenges for an organization of operating in different economics internationally

4. Understand the nature of the national environment in which organisations operate

1. Explain the impact of national policies and other external influences on organisations

1. Analyse challenges and opportunities for organisations arising from external influences

5. Understand the relationship between organisations, sustainable practices and the environment

6. Explain the relationship between an organisation, an economy and the ecosystem of society and the environment

7. Analyse current risks facing a named organisation from environmental issues over the medium term and their materiality

8. Explore the differences between stakeholder views and shareholder views on the named organisation's environmental footprint



Indicative content

1. Understand types of organisations, their purposes and responsibilities

Types of organisations and their purpose

- Including private: sole trader, partnership, limited, public limited), public, government, voluntary, charitable/not-for-profit

Purposes of different types of organisations across public, private and not-for-profit sectors

- Including profit, growth, return on investment (ROI), sales, service, customer satisfaction, corporate responsibility, ethical, environmental and social responsibilities,
- Expressed through vision, mission, aims and objectives, long and short-term goals, values, culture

Responsibilities

- Meeting legal requirements of country or countries in which it is operating (e.g. consumer legislation, employee legislation, equal opportunities and anti-discriminatory legislation, environmental legislation, health and safety legislation) quality and safety of products and services offered, ethical practices, meeting stakeholder interests, dealing with potential conflicts of interest, producing and implementing policies, recruitment of expertise

Meeting objectives of different stakeholders

- Stakeholders: including internal and external stakeholders, e.g. financial institutions, other lenders, debtors and creditors, owners/managers/employers, customers and clients, employees, government, trade unions, suppliers, community
- Objectives: including financial, corporate, social, ethical and environmental, achieve business plan e.g. meet customer demand through production/sales of products and services, ensure repeat business through standards of service, ensure commitment of suppliers through payment agreements, generate profit for owners, and meet environmental objectives
- Potential conflict between objectives of different stakeholder groups. Power and influence of different stakeholder groups in different contexts

2. Understand the structure of organisations

Organisational structures

- Hierarchical structure (e.g. flat, matrix, functional, divisional), centralization vs. decentralisation, specialisation, departmentalisation or other form of distribution of work, span of control, chain of command and level of formality in procedures
- Functions of the departments: human resource management, physical resource management, finance, marketing and sales, communications, quality of service delivery, operations, logistics, decision-making, performance management, defining the expected type of communication and relationship between employees
- The nature of inter-relationship in order to deliver mission and meet business strategy and objectives, impact of culture
- Impact of globalisation: requirements for operating globally, limitations of certain organisational structures in the global field with respect to intercultural relations, geographical distances and different time zones
- Improvements in structure to improve performance and competitiveness of an organisation



3. Understand the impact of the market environment on organisations

Market forces

- Concept of supply and demand and their relationship, time and supply, equilibrium and disequilibrium, excess demand, other market forces such as competition, government, changes in consumer tastes and preferences, speculation and expectation etc.
- Examples of pricing strategies (e.g. skimming, premium, penetration, economy)

Interventions in the marketplace

- Government initiatives: taxing and subsidies, setting maximum and minimum prices, tools of market regulation, state ownership and funding
- Impact of the planned interventions: correcting market failures, re-distribution of income and wealth, managing monopolistic situations, improvement of market performance, mobility and social inclusion

Interpretation of financial and non-financial data

- Market reports, size of market, financial performance, social and environmental information, technological changes, trends, consumer behaviour, competition etc.

4. Understand the nature of the national environment in which organisations operate

National policies and other influences e.g. changing views of public and private sector organisations in terms of accountability, competitiveness, corporate social responsibility

Impact for public sector of resource constraints, accountability and transparency

Impact for private sector of regulatory compliance e.g. monetary, fiscal and competition policies and balancing of profit and purpose (more accountability and responsibility)

Impact of national fiscal and monetary policy on business organisations and their activities

- Impact of fiscal and monetary policy: level of profit, size and nature of employment, redundancy, imports, exports, trading partners, business behaviour, consumer behaviour, propensity to save, propensity to spend, tastes and preferences, expansion, downsizing
- Government Policy and related agencies: including fiscal policy, monetary policy, public-private partnerships, central and local government spending, quantitative easing, interest rates, competition commission, sector regulators

Impact of competition policy on the chosen organisation

- Main aims/impact of competition policy: including to promote competition in markets and price between suppliers, improve markets, contribution to efficiency and competitiveness, wider consumer choices for goods and services, technological innovation

Other regulatory mechanisms: Will differ between country in which organisation located but UK examples include: 4 pillars of competition policy in the UK (antitrust and cartels, market liberalisation, state aid control, merger control), Competition Act 1998, Enterprise Act 2002, Office of Fair Trading, Ofgem, Ofwat, Civil Aviation Authority, Companies Act, Enterprise, Training and Skills Policies, Public Sector Borrowing



Opportunities and challenges for organisations: innovation and efficiency, public-private partnerships, aligning with market and increasing market share e.g. introducing sustainable products and services, innovation and technological advancements in response to policy changes may result in opportunities and growth

Benefits and challenges of operating in different economic environments

- Benefits: may include the ability to
 - complete effective market analysis
 - adapt to cyclical changes
 - expand business operations
 - communicate effectively (within the domestic business environment)
 - access and purchase high quality materials and labour
 - benefit from economies of scale

- Challenges: may include
 - the inability to communicate effectively with the international business environment
 - diseconomies of scale
 - the increase in regulations and international legislations
 - difficulty in adapting and meeting the needs of different cultures
 - language barriers

5. Understand the relationship between organisations, sustainable practices and the environment

- Relationship of organisations include: to economy – operates within economy and contributes to economic growth, economy affects organisation activities and environment; to society – meets needs for products and services, employs labour, corporate responsibilities, society shapes organisations and environment; to environment – organisation impacts environment, organisation responsibility to environment, the business case for developing sustainable practices

- Current risks may include
 - Climate change and extreme weather – risk to supply chains, infrastructure and insurance premiums; material for many organisation especially agriculture, energy, insurance
 - Regulatory changes relating to environment e.g. emissions and waste regulations– risk of penalties, costs of compliance, reduced market access; material for all organisations globally
 - Resource scarcity – risk of scarcity of minerals, water etc which increase costs, disrupt activities and supply chains; most important for manufacturing and resource-intensive organisations
 - Biodiversity – risks of reputational damage, legal action, disruption to supply chain where ecosystems are damaged; important for agriculture, forestry etc.

- Shareholder and stakeholder views – shareholders may be concerned with profit maximisation, shorter term gain and regulatory compliance; stakeholders may have more diverse views on sustainability in long-term, social responsibility, reputation, public health, safety community wellbeing etc.



Suggested Resources

Textbooks

Burns, J. & Needle, D., 2019, Business in Context: An Introduction to Business and its Environment, 7th Ed. Cengage Learning

Hamilton, L. & Webster, P., 2019, International Business Environment, OUP

Morrison, J., 2020, The Global Business Environment: Towards Sustainability? Bloomsbury Academic

Wetherly, P. and Otter, D., 2018, The Business Environment: Themes and Issues in a Globalizing World, Oxford University Press

Worthington, I., Britton C., Thompson E., 2018, The Business Environment, Pearson

Websites

www.businessballs.com

www.forbes.com

www.businesscasestudies.co.uk

[The Economist | World News, Economics, Politics, Business & Finance](#)

[Economics Study Guides - SparkNotes](#)

[IFS | Institute for Fiscal Studies](#)

Unit assessment

The assessment for each unit is based on the achievement of the learning outcomes at the standards set by the assessment criteria for that unit. The learner can achieve a Pass, Merit, Distinction or Fail for each unit based on the quality of the work submitted and the assessor's judgements made against the criteria provided.

The assessment is completed through the submission of internally assessed learner work which is subject to external moderation or verification.