

Unit 1: The Contemporary Business Environment

| | |
|---------------------|-------------------|
| Unit code | H/650/2917 |
| Unit type | Core |
| Unit level | 4 |
| Credit value | 15 |

Introduction

Business activity is fundamental and universal to our everyday lives. Business organisations may differ in many ways, depending on the industry in which they operate globally, but they do share one common feature: the transformation of inputs into outputs. This transformation process takes place against a background of external influences that impact on business activity. The external environment in which business organisations operate is dynamic, complex, volatile and interactive.

The aim of this unit is to give students background knowledge and understanding of business, the functions of an organisation and the wider business environments in which organisations operate. Students will examine the different types of organisation (including for-profit and not-for-profit), their size and scope (for example, micro, small- and medium-sized enterprise, transnational and global) and how they operate. Students will explore the relationships that organisations have with their various stakeholders and how the wider external environments influence and shape business decision-making.

The knowledge, understanding and skill sets that students gain in this unit will help them to have an insight into different business functions, which will support them with further study, support the development of analytical thinking and the application of key analytical tools used throughout business planning, and enable them to choose their preferred areas of specialism in future studies and in their professional career.

Learning Outcomes

By the end of this unit students will be able to:

- LO1 Explain the different types, sizes and scope of organisations
- LO2 Discuss the interrelationship of the various functions in an organisation and how they link to organisational structure
- LO3 Use contemporary examples to demonstrate both the positive and negative influence/impact the macroenvironment has on business operations
- LO4 Determine the internal strengths and weaknesses of a specific business and their interrelationship with external macro factors.

Essential Content

LO1 Explain the different types, sizes and scope of organisations

Different types of organisation:

Differences between for-profit and not-for-profit and non-governmental organisations (NGOs).

Micro and small- and medium-sized enterprises (SMEs) – different business purposes, objectives and supply of goods and services.

The range of legal structures associated with different forms of business: sole traders, partnerships, limited companies.

Size and scope of organisations:

Differences between large, medium-sized and small organisations, including objectives and goals, market share, profit share, growth and sustainability.

Global growth and developments of transnational, international and global organisations.

Differences between franchising, joint ventures and licensing Industrial structures and competitive analysis.

Market forces and economic operations e.g. scarcity and choice, supply and demand, income elasticity.

Examples of organisational stakeholders e.g. employees, communities, shareholders, creditors, investors, government, customers, owners, managers, suppliers, competitors, unions, trade groups, analysts and media.

Stakeholders and responsibilities of organisation to engage with different internal and external stakeholder interests, perspectives and expectations.

LO2 Discuss the interrelationship of the various functions in an organisation and how they link to organisational structure

The various functions in an organisation:

The role of marketing, finance, human resource management and operations in an organisational context and the interrelationships.

Functions in relation to overall organisation values, mission and objectives.

Organisational structure:

Different structures depending on the size and scope of the organisation, including bureaucratic and post-bureaucratic, parent, strategic business units (SBUs), matrix and functional levels.

The virtual organisation and flexible, fluid structures that are geographically dispersed.

Organisation structures and complexities of transnational, international and global organisations.

LO3 Use contemporary examples to demonstrate both the positive and negative influence/impact the macroenvironment has on business operations

The context of the macroenvironment:

The different political, economic, social, technological, legal and environmental (PESTLE) factors that influence and impact on the business environment.

The PESTLE framework as an analytical tool to monitor and forecast external influences.

Different spatial levels of external influences e.g. local, regional, national, international.

The macrofactors that influence and impact on business activities:

The transformation of the work environment, the changing and emerging markets and the global shift in economic and social power due to global crisis.

The impact of emerging digital technologies on production and consumption of products and services, including:

- social and mobile technologies to engage and extend customer reach
- cloud technologies for making business more agile, collaborative and efficient
- artificial intelligence (AI) to sustain competitive advantage
- blockchain for ecommerce
- predicted impacts of the metaverse.

Emerging new sectors creating new career opportunities due to new technologies e.g. data and analytics, digital advertising.

The impacts of increased innovation and disruptive innovation.

The growth of data analytics and business intelligence using big data to inform decision-making, the rise of cybersecurity and data protection.

The impact of globalisation e.g. changing workforce, cultural diversity.

The growth of ethical considerations and sustainable business e.g. equality and diversity and corporate social responsibility.

Organisation operations:

Organisations' responses to transformation and managing resistance to change in response to a highly volatile and changing market environment.

Dealing with unexpected crises that affect business operations and activities e.g. crisis management and business recovery.

Data security and management, providing management information based on the collation, analysis and interpretation of data.

Managing remote teams, multiple teams and cross-cultural teams and developing high-performance teams.

LO4 Determine the internal strengths and weaknesses of a specific business and their interrelationship with external macro factors

Frameworks for analysis:

Introduction to SWOT (strengths, opportunities, weaknesses and threats) and/or TOWS (threats, opportunities, weaknesses and strengths) analyses and how they can assist in the decision-making process and feed into business planning in organisations to support continuous improvement.

Different applications of SWOT analysis e.g. for market positioning, commercial viability, launching a new product, methods of sales distribution.

Both internal and external exploration of organisational situation.

The role of SWOT analysis in decision-making, development of strategies and creating key performance indicators (KPIs) to measure performance.

Use of TOWS to turn SWOT results into strategies and strengths to maximise opportunities, minimise threats and use opportunities to minimise weaknesses and avoid threats.

Internal vs external factors:

Internal factors that inform strengths, weaknesses, opportunities and threats relating to products, pricing, costs, profitability, performance, quality, people, skills, adaptability, brands, services, reputation, processes and infrastructure.

Key external factors that inform opportunities and threats, including the competitive environment and government intervention that influence organisations and business.

Learning Outcomes and Assessment Criteria

| Pass | Merit | Distinction |
|---|--|--|
| LO1 Explain the different types, sizes and scope of organisations | | LO1 and LO2 D1 Provide critical analysis of the complexities of different organisations and structures. |
| P1 Explain different types and purposes of organisations; public, private and voluntary sectors and legal structures. P2 Explain the size and scope of a range of different types of organisation. | M1 Analyse how the structure, size and scope of different organisations link to the business objectives and products and services offered by the organisations. | |
| LO2 Discuss the interrelationship of the various functions in an organisation and how they link to organisational structure | | |
| P3 Discuss the relationship between different organisational functions and how they link to organisational objectives and structure. | M2 Analyse the interrelationships between organisational functions and the impact these can have on organisational structure. | |

| Pass | Merit | Distinction |
|--|---|-------------|
| LO3 Use contemporary examples to demonstrate both the positive and negative influence/impact the macroenvironment has on business operations | | |
| P4 Identify the positive and negative impacts the macroenvironment has on business operations, supported by specific examples. | M3 Apply appropriately the PESTLE model to support a detailed analysis of the macroenvironment in an organisation. | |
| LO4 Determine the internal strengths and weaknesses of a specific business and their interrelationship with external macro factors | | |
| <p>P5 Conduct internal and external analysis of a specific organisation to identify strengths and weaknesses.</p> <p>P6 Explain how strengths and weaknesses interrelate with external macrofactors.</p> | M4 Apply appropriately SWOT/TOWS analyses and justify how they influence decision-making. | |

Recommended Resources

Textbooks

Burns, J. and Needle, D. (2023) *Business in Context: An Introduction to Business and its Environment*. 8th Ed. Andover, Hants: Cengage Learning EMEA.

Morrison, J. (2023) *The Global Business Environment: Sustainability in the Balance*. 6th Ed. London: Bloomsbury Publishing.

Weatherly, P. and Otter, D. (2018) *The Business Environment: Themes and Issues in a Globalizing World*. 4th Ed. Oxford: Oxford University Press.

Worthington, I., Thompson, E. and Britton, C. (2023) *The Business Environment*. 9th Ed. Harlow: Pearson.

Websites

| | |
|--|---|
| www.businessballs.com | Businessballs (General reference) |
| www.forbes.com | Forbes (General reference) |
| www.ibtimes.com | International Business Times "Business" (General reference) |
| www.ted.com | TED (Videos on business and technology) |

Links

This unit links to the following related units:

Unit 2: Marketing Processes and Planning

Unit 25: Global Business Environment

Unit 43: Business Strategy