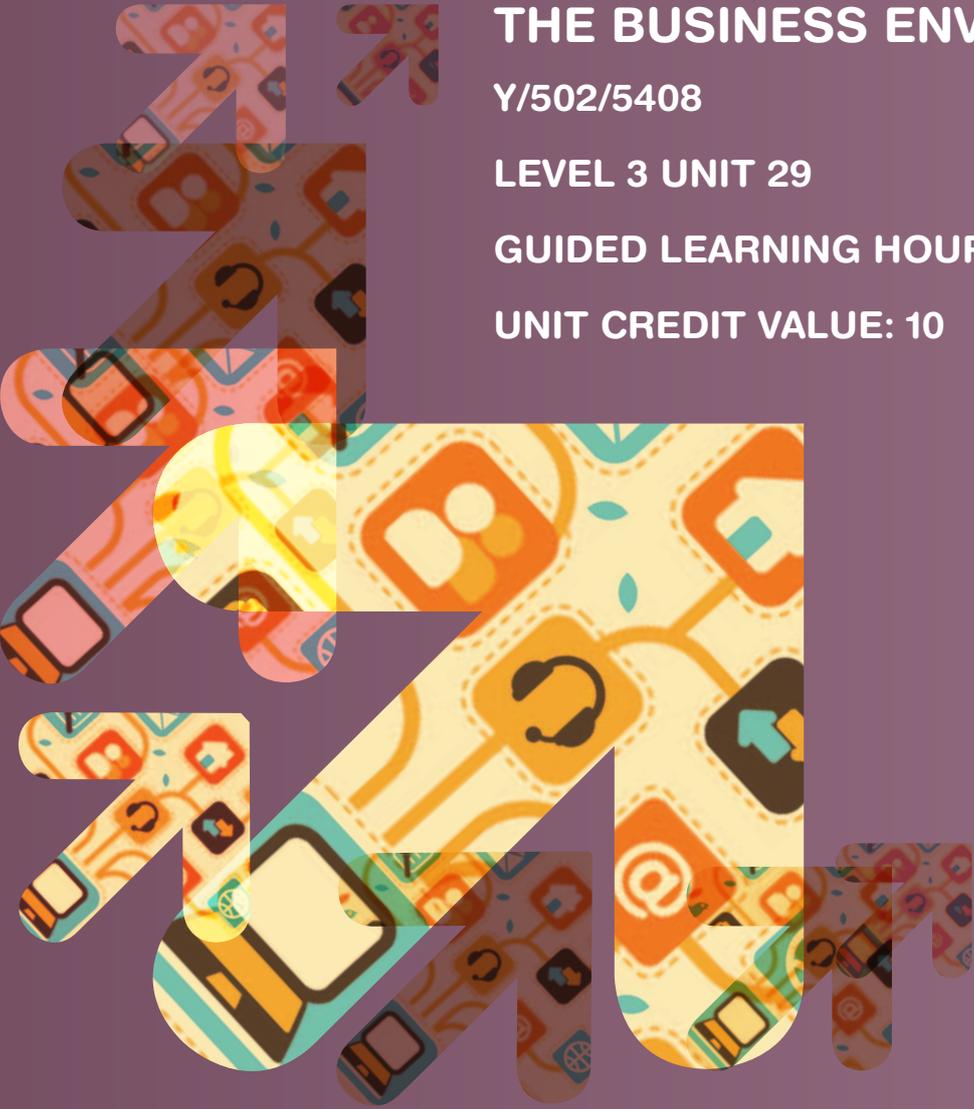




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# OCR LEVEL 3 CAMBRIDGE TECHNICAL CERTIFICATE/DIPLOMA IN IT



## THE BUSINESS ENVIRONMENT

Y/502/5408

LEVEL 3 UNIT 29

GUIDED LEARNING HOURS: 60

UNIT CREDIT VALUE: 10



# THE BUSINESS ENVIRONMENT

Y/502/5408

LEVEL 3 UNIT 29

## PURPOSE OF THE UNIT

This unit will help the learner to have an understanding of the range of different businesses that can exist in an economy. Learners will discover the different purposes that such organisations can have and the different forms of ownership that can exist. They will also be able to appreciate the role of the different stakeholders involved in such businesses.

Learners will have an understanding of the different ways in which businesses are organised to achieve their purposes and they will also be able to appreciate that businesses can have a variety of different aims.

This unit will also help the learner to have an understanding of the way in which the wider environment can impact on businesses in terms of both the economic environment and the political, legal and social framework in which businesses operate.

There are clear links between this unit and many of the other units.

## ASSESSMENT AND GRADING CRITERIA

<b>Learning Outcome (LO)</b>  The learner will:	<b>Pass</b> The assessment criteria are the pass requirements for this unit.  The learner can:	<b>Merit</b> To achieve a merit the evidence must show that, in addition to the pass criteria, the learner is able to:	<b>Distinction</b> To achieve a distinction the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
1 Know the range of different businesses and their ownership	P1 describe the type of business, purpose and ownership of two contrasting businesses	M1 analyse the type of business, purpose and ownership of two contrasting businesses	D1 evaluate the effect of a selected business changing its ownership status
	P2 describe the different stakeholders who influence the purpose of two contrasting businesses		
2 Understand how businesses are organised to achieve their purposes	P3 describe how two businesses are organised		
	P4 explain how their style of organisation helps them to fulfil their purposes		
3 Know the impact of the economic environment on businesses	P5 describe the influence of two contrasting economic environments on business activities within a selected organisation	M2 analyse the impact of changes in demand and supply on a selected business	D2 evaluate to what extent a selected business is likely to be affected by changes in the economic environment
4 Know how political, legal and social factors impact on business	P6 describe how political, legal and social factors are impacting upon the business activities of the selected organisations and their stakeholders		

## TEACHING CONTENT

The unit content describes what has to be taught to ensure that learners are able to access the highest grade.

Anything which follows an i.e. details what must be taught as part of that area of content.

Anything which follows an e.g. is illustrative, it should be noted that where e.g. is used, learners must know and be able to apply relevant examples to their work though these do not need to be the same ones specified in the unit content.

### Learning Outcome 1 Know the range of different businesses and their ownership

#### Range of different businesses including:

- local; national; European; international; global
- public; private; not-for-profit/voluntary/charity
- different business sectors in the economy – primary; secondary; tertiary.

**Business purposes,** ( e.g.to supply goods, to provide services)

#### Different types of ownership including:

- sole trader
- partnership, (both unlimited and limited)
- private limited company
- public limited company
- co-operative
- franchise
- government/state owned
- charity/voluntary/not-for-profit organisations.

**The impact of different types of ownership on businesses, (e.g. the extent of liability, limitations to operation for public and not-for-profit organisations)**

#### Stakeholders, including:

- employees
- customers
- suppliers
- owners
- local and national communities
- government
- trade unions/employer associations
- the impact of different stakeholders on organisations
- possible conflicts of interest between different stakeholders.

### Learning Outcome 2 Understand how businesses are organised to achieve their purposes

#### Organisational structures:

- purpose, (e.g. division of work, lines of control and communication)
- types of structure, (e.g. functional, geographic, product, customer, matrix)
- diagrammatic representation of different types of structure (through the use of organisation charts)
- span of control
- chain of command.

#### Functional areas including:

- finance
- human resources/personnel
- production/operations
- research and development
- purchasing
- sales
- marketing
- customer service
- administration.

#### Strategic planning including:

- business plan
- mission statement/values/vision
- development of strategic aims and objectives
- use of SMART objectives, (specific, measurable, achievable, resources, time-bound) in the strategic planning process.

#### Possible factors which can impact on the organisation including:

- wider business environment
- stakeholders
- business type and ownership.

#### Different aims of businesses including:

- profit maximisation
- sales revenue maximisation
- breakeven
- survival
- growth/increase in market share

- quality of goods/service provision
- cost limitation
- meeting standards
- value for money.

### Learning Outcome 3 Know the impact of the economic environment on business

- changes in trade cycle, (e.g. boom, recession)
- impact of wider economy, (e.g. inflation, unemployment)
- changes in government policy, (e.g. -fiscal, such as types and levels of taxation, provision of grants and loans;
  - monetary, such as changes in interest rates
  - supply-side measures, such as enhancing the skills of the working population through initiatives in education, training and research)
- demand curves
- influences on demand, (e.g. price, price of substitutes and complements, income, advertising, tastes and preferences)
- elasticity of demand - price, income and cross elasticity of demand
- supply curves
- influences on supply, (e.g. availability/cost of inputs, price, extent of government support)
- elasticity of supply
- globalisation
- degree of interdependence, (e.g. supply chains, ownership of organisations, movement of factors of production)
- ability of national governments to regulate businesses.

### Learning Outcome 4 Know how political, legal and social factors impact on business

#### Political:

- degree of political stability/instability
- change of government
- government support for different types of business organisations
- government initiatives
- membership of international organisations, (e.g. the International Monetary Fund).

#### Legal:

- provision of an appropriate legal framework, (e.g. company law)
- consumer protection, (e.g. Trade Descriptions Act, Sale of Goods Act)
- employee protection, (e.g. Employment Act, Health and

Safety at Work Act)

- competition, (e.g. Competition Act)
- remuneration, (e.g. Minimum Wage Act)
- EU legislation.

#### Social:

- demographic issues, (e.g. size of population, age structure of population, migration)
- standard of living/quality of life, (e.g. impact of changes in income on people)
- attitudes to work, (e.g. changes in attitudes to male and female roles)
- religion
- ethics and morality.

## DELIVERY GUIDANCE

### Learning Outcome 1

Learners should be encouraged to focus on businesses that they are already familiar with or have an interest in, for example through part-time employment, work experience or as customers. The two businesses must offer a contrast, so careful consideration should be given when selecting them. For example, the contrast might be the sector that the business operates in; one could be in the primary sector and the other could be in the tertiary sector. Alternatively, the contrast could be between a business in the private sector and one in the public sector. This could provide a good opportunity for group work, with each group investigating different businesses in the local area and using the information they find to produce wall charts or posters to build up a visual map of the local business environment.

Learners should be able to distinguish between internal stakeholders, such as employees and owners, and external stakeholders, such as customers and suppliers. They should examine the influence of the different stakeholders on businesses, especially in terms of possible conflicts of interest between different parties. It might be useful if learners focused on particular issues that illustrate such conflicts.

The use of local newspaper articles highlighting local issues, such as planning applications, could be used to stimulate discussions about the impact on two contrasting businesses and how their different stakeholders might feel.

### Learning Outcome 2

Learners must understand how businesses are organised. They could be provided with the organisation charts of two businesses, and asked to identify the various functional areas that the businesses are organised into. Learners could then compare and contrast the two businesses, in terms of span of control and chain of command and discuss possible reasons for the differences. In order to develop their understanding learners could research using websites, leaflets and booklets produced by the businesses. It would also be helpful, if the learners were able to visit the two businesses..

Learners need to appreciate that the organisation of businesses is not important for its own sake, but as a means of achieving its aims and objectives. Learners could be provided with copies of mission statements from the two businesses and where a visit is possible they should try to find out as much as they can about how the two businesses organise their strategic planning. The use of examples from

the public and voluntary sector should enable learners to see how certain businesses involve stakeholders formally in their organisation structure, for example regulatory stakeholders such as Ofwat and Ofjel.

### Learning Outcome 3

In earlier learning outcomes, learners were required to focus on two businesses. In learning outcome 3 they just need to be concerned with one. Learners need to understand that any business does not exist in isolation but is affected by a range of possible economic factors. They could undertake a group task where the key economic variables that can affect a business are identified and researched. Learners should then use the data that they have obtained and look for changes in the behaviour of businesses using examples from newspapers or news websites. Each group could then be asked to present their findings

### Learning Outcome 4

Learners could work in groups to research how a particular business has been affected by political, legal and social factors, and summarise their findings in a visual form.

In terms of the political environment, learners should consider how governments have different policies in relation to certain business activities.

Learners also need to research any additions to the law, or changes to the existing law that could impact on businesses.

Learners should also consider the social factors that can impact upon the business activities of the selected organisations. For example, learners could consider how changes in demographics, such as the age of the population, could have a serious impact on many businesses.

## GUIDANCE ON ASSESSMENT

### P1

Learners could write a newspaper article that describes the type of business, purpose and ownership of two contrasting businesses.

Tutor/learners should carefully select the two businesses to be compared as businesses that are very different may lead to a meaningless comparison. Ideally, the two businesses chosen should have some similarities but have sufficient differences to allow learners to progress to the merit and distinction requirements.

### M1

The article should include an analysis of the reasons for the differences in ownership of the two contrasting businesses.

### D1

The article should include an evaluation of the impact that a change in the legal structure might have on a business.

Guidance: It might be advisable for learners to use a real example where possible, but a theoretical example could be used.

### P2

Learners could create a report that describes the different stakeholders, both internal and external, who can influence the purpose of the two contrasting businesses.

### P3 and P4

Learners could produce a leaflet which describes how two businesses are organised. Learners should include in their leaflet an explanation of how the style of organisation used by each business helps them to fulfil their purposes.

Guidance: It may be beneficial for the learners to use the same businesses that were used for P1 and P2.

### P5

Learners could write a report for the management team of an organisation. They should describe the influence of two contrasting economic environments upon business activities within the selected organisation.

### M2

To achieve a Merit, learners will need to go on to consider changes in demand and supply on the business, and analyse the impact of those changes.

### D2

To achieve a Distinction, learners will need to evaluate the extent to which a business is likely to be affected by changes in the economic environment.

### P6

Learners could give a presentation in which they describe how political, legal and social factors are impacting upon the business activities of selected organisations and its stakeholders.

Guidance: The presentation could be as a result of group work, with each learner taking responsibility for a particular area. However, tutors must record the contribution to the task of individual learners so that clear evidence of achieving the criteria is available for each learner.

## LINKS TO NOS

**CfA M&LB8** Ensure compliance with legal, regulatory, ethical and social requirements (Partial)

**CfA BAD322** Analyse and report data (Partial)



## **CONTACT US**

Staff at the OCR Customer Contact Centre are available to take your call between 8am and 5.30pm, Monday to Friday.

We're always delighted to answer questions and give advice.

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