

Unit 1: The Business Environment

Unit code:	Y/502/5408
QCF Level 3:	BTEC National
Credit value:	10
Guided learning hours:	60

● Aim and purpose

The aim of this unit is to give learners the fundamental knowledge of a range of business organisations, and the many factors that shape the nature of organisations operating in an increasingly complex business world.

● Unit introduction

Learners new to the studying of business will already be familiar with organisations through having dealt with them as customers or employees. One of the aims of this unit is to help learners to build on these experiences and learn to 'walk in the shoes' of owners, stakeholders and managers of organisations.

The unit introduces learners to a range of business activities. They will consider the purposes of different organisations and the influence of stakeholders and how businesses organise themselves through strategic planning and organisational structures.

Learners will then explore the dynamic nature of organisations through studying the impact of external (political, legal and social) influences on business operations.

Next, they will study the fundamental economic principles that impact on businesses.

By studying two different business environments learners will gain some insight into how businesses operate in different parts of the world and how the development of a global marketplace impacts on all businesses.

● Learning outcomes

On completion of this unit a learner should:

- 1 Know the range of different businesses and their ownership
- 2 Understand how businesses are organised to achieve their purposes
- 3 Know the impact of the economic environment on businesses
- 4 Know how political, legal and social factors impact on business.

Unit content

1 Know the range of different businesses and their ownership

Range of different businesses: local; national; international; global; public; private; not-for-profit/voluntary; sectors of business activity (primary, secondary and tertiary)

Business purposes: supply of products or services; difference between profit and not-for profit organisations

Ownership: public, private and voluntary sectors; types of ownership (sole trader, partnerships, private and public limited companies, government departments, government agencies, worker cooperatives, charitable trusts); main implications of different types of ownership on businesses (extent of liability, limitations to operation for public and charitable organisations)

Key stakeholders: customers; employees; suppliers; owners; trade unions; employer associations; local and national communities; governments; influence of stakeholders on organisations

2 Understand how businesses are organised to achieve their purposes

Organisational structures: purpose (division of work, lines of control and communication); types of structure (functional, geographic, product, type of customer); diagrammatic representation of structure (organisation charts); span of control

Functional area: finance; marketing; production; customer service; sales; human resources.

Strategic planning: mission and values; development of strategic aims and objectives; cascading of objectives throughout the organisation; strategic planning process; use of SMART (specific, measurable, achievable, resourced, time-bound) objectives

Influencing factors: stakeholders; business environment; business type and ownership.

Different aims: private sector aims (breakeven, survival, profit maximisation, growth); public sector aims (service provision, cost limitation, value for money, meeting government standards, growth of range of provision)

3 Know the impact of the economic environment on businesses

Economic: importance of stability; impact on business of changes in the economic environment (growth, recession, ripple effect); levels of inflation; availability and cost of credit; labour; changes in government policy (legal, fiscal, monetary)

Demand: influenced by affordability; competition; availability of substitutes; level of Gross Domestic Product (GDP); needs and aspirations of consumers

Supply: Influenced by availability of raw materials and labour; logistics; ability to produce profitably; competition for raw materials; government support

Changes in supply and demand: supply and demand curves; elasticity of demand; price sensitivity; influence of branding on price sensitivity

Global interaction: levels and types of interdependence (supply chains, ownership of businesses, movement of capital and business operations, reducing ability of national governments to regulate global businesses)

4 Know how political, legal and social factors impact on businesses

Political: political stability; government support for different types of organisations eg private, voluntary, public; fiscal eg levels and types of taxation; direct support eg grants, loans; providing infrastructure eg transport; internet; enhancing skills of the working population eg education, training, research; organisations to support businesses eg Business Link; membership of international trading communities eg European Union

Legal: providing framework for business eg company law; protecting consumers and employees eg contract law, employment law, consumer protection; ensuring fair and honest trading eg competition law.

Social: demographic issues eg population growth or decline; changes in structure eg ageing; households and families; education; attitude to work; religions; attitudes to male and female roles; ethics