

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

Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
P1 describe the type of business, purpose and ownership of two contrasting businesses [RL]		D1 evaluate the influence different stakeholders exert in one organisation [IE]
P2 describe the different stakeholders who influence the purpose of two contrasting businesses [CT]	M1 explain the points of view of different stakeholders seeking to influence the aims and objectives of two contrasting organisations	
P3 describe how two businesses are organised [IE]		
P4 explain how their style of organisation helps them to fulfil their purposes		
P5 describe the influence of two contrasting economic environments on business activities within a selected organisation	M2 compare the challenges to selected business activities within a selected organisation, in two different economic environments [IE]	
P6 describe how political, legal and social factors are impacting upon the business activities of the selected organisations and their stakeholders.	M3 analyse how political, legal and social factors have impacted on the two contrasting organisations.	D2 evaluate how future changes in economic political, legal and social factors, may impact on the strategy of a specified organisation.

PLTS: This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

Essential guidance for tutors

Delivery

No previous knowledge of business is assumed and learners can use their experiences as customers, users and part-time employees as a starting point. This will give learners a real-life view of business. In this unit business activity should be interpreted as the provision of service, including public and voluntary sector activity alongside commercial activity. Learners will find examples of the organisational activity mentioned in their local area and may learn effectively through enquiring about these organisations. The unit may be introduced by considering the range of businesses that lie at the heart of learners' communities.

Learners should then explore the different types of ownership of businesses and how its ownership inevitably influences the nature of a business. At this stage, it is important that learners gain a clear picture of the main difference and types of ownership as a basis for more detailed study in other units. Learners then investigate other stakeholders. This could be linked with any local issues over proposed changes or developments, such as a proposed new airport runway or changes in the provision of health services.

In learning outcome 2, learners need to examine how organisations use structures and strategic planning to achieve their purposes. When selecting case-study material care should be taken to ensure that it includes the key functional areas listed in the unit content. For strategic planning learners could start by investigating their own school or college's strategic plan, perhaps supported by a talk from a visiting governor who could explain the planning process and what internal and external pressures influenced the plan. Learners could check objectives to see if they are SMART. Learners could undertake an activity where they are given some basic facts about a proposal for an organisation and have to design an organisational structure, write a mission statement and set strategic objectives.

In delivering learning outcome 3, which introduces the learners to the basic principles of economics, there will need to be some delivery of theory but the focus should be on how the economic environment affects different businesses. As assessment requires the comparison of two contrasting economic environments in the UK and abroad

For delivery of learning outcome 4, the links used for learning outcome 3 could be continued. This could involve the use of two UK based companies taking account of the impact that globalisation has on their activities. Alternatively, use could be made of any established links with countries in different regions either at institutional level or town/city level. Learners should compare and contrast the political and social environment in two different places so as to gain an understanding of the importance of these factors. They will need information on 'doing business' in another country, perhaps through a guest speaker, learner to learner links, DVDs, publications, visit or internet research.

Learners should be introduced to the basic principles of business law and its importance in providing a framework in which businesses operate. The precise content for the different aspects of law can be chosen and there is no expectation that learners will have a comprehensive knowledge of specific legislation.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way in planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to unit and programme
Group activity exploring purposes and ownership of a range of local businesses
Ownership and liability issues – whole group
Visit to organisation to carry out research for first assignment
Assignment 1: Two Businesses on our Doorstep – report on two contrasting businesses (one business selected by a group, the other an individual choice)
Organisational structures – whole group – charts drawn for familiar organisation
Strategic planning – case study or business game
Political issues – study of topical political issues and their potential impact on business operations through a visitor, visit, video materials or case study
Group exercise to identify current issues and to assess their potential impact
Legal issues – whole group – outline of business related law
Case studies of legal cases – small group exercises
Social issues – whole group – outline of social issues
Social issues – small group exercise. Each group to research one social issue such as demographics, education, gender etc and to report back to the whole class
Pair exercises on impact of social issues on different businesses (drawing on information gathered during previous exercise)
Economic issues – whole group
Supply demand business game
Small-group exercises on impact of economic changes on selected businesses (some research)
Pair exercise in following through global interdependencies for one business
Assignment 2: Similar Businesses in Different Worlds (feasibility study of two different markets for a business)
Tutorial support and feedback
Supervised assignment work
Non-supervised study time and completion of assignments

Assessment

This is an introductory unit and most groups of learners would benefit from a staged approach to assessment, with several small assignments rather than one large one.

It is important that suitable organisations are chosen for investigation, so that learners can acquire the information they need to achieve the assessment criteria.

For the first two learning outcomes the selected business organisations should include both profit and not-for-profit sectors and some variation in size. Learners responses to P1 should include an accurate, but not necessarily detailed statement, as to the extent of owners liability for debts. For P2 learners should describe each of the different types of stakeholders listed in the unit content for their selected organisations. For P3, learners should describe both the organisational structure with functional areas, and how the organisation makes strategic plans. For P4, learners should explain how the organisational structure and strategic planning help the businesses to achieve their purpose and aims.

For M1 learners explain the points of view of the different stakeholders and link the points of view with the aims and objectives of each organisations.

For D1 learners should evaluate the influence exerted by the different types of stakeholders for one organisation. As an evaluation this should go beyond stating an opinion and include higher level skills such as using evidence from different sources and assessing the validity of the evidence.

For learning outcome 3, the selected organisation(s) need to encompass different economic environments. This could be through using one organisation and two different phases in the economic cycle or using two organisations operating in different economic environments, perhaps in different parts of the world.

For P5, learners should include descriptions of at least two economic topics.

In M2, P5 is developed further to compare the challenges to selected business activities in two different economic environments.

For D2, learners should build on M2 and evaluate the responsiveness of an organisation to different economic environments. The advice given for D1 on the assessment of 'evaluate' applies equally to this criterion.

For learning outcome 4, there are two options. The first is to select one business that has operations in two different business environments such as a UK-based business that has a call centre in the Indian sub-continent. Alternatively, one business can be selected from each of two different business environments. Greater differences in political and social environments are likely to be more interesting for learners. However it could be possible to use different countries in Europe and for some industries the differences between different countries in the UK could be explored, so long as the differences are sufficient to create different business environments.

For P6, learners could describe the influence of two different political environments which should include aspects, selected for their relevance, from the topics listed under both political and legal sub-headings in the *Unit content*. Business activities can be read as any activities carried out by the organisation to achieve its purposes. Examples include recruitment of staff, product design, transport of goods, promotion of products etc. Learners need to explain the influence of two different social environments on the business activities of the organisation(s). Learners could select at least three of the most influential social features from each environment rather than attempting to explain the impact of a large range of social features.

To achieve M3, learners should build on P6 to explain how the organisation (s) has adapted their activities to suit different business environments. Learners are not required to explain all activities comprehensively but should select at least three activities that have been adapted because of the political, legal and social aspects of the business environment.

For D2, learners should develop their work from M3 and make justified recommendations for the development of business activities in the two different business environments.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Edexcel assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, 2, 3, 4, M1, D1	Two Businesses on our Doorstep.	You work as a junior journalist for the local newspaper which is planning to run a feature article on local businesses.	Produce an article on two local, contrasting businesses covering purpose, ownership, organisational structure and strategic planning.
P5, 6, M2, M3, D2	Similar Businesses in Different Worlds.	The first article was well received and you have been asked to carry out research for another article featuring two businesses – one local and one in your town's twinned town in China.	Select one business in your local town and another in a town or city in China. Produce an article describing how the political, legal, social and economic business environments affect each of the selected businesses.

Links to National Occupational Standards, other BTEC units, other BTEC qualifications and other relevant units and qualifications

This unit forms part of the BTEC Business sector suite. This unit has particular links with the following unit titles in the Business suite:

Level 2	Level 3
Business Purposes	Business Resources
Business Organisations	Introduction to Marketing
	Business Communication
	Business and the Economic Environment
	International Business
	Business Markets and the Economy

Essential resources

For this unit learners should have access to a suitable business teaching environment with access to the internet to carry out research. Tutors may consider building a bank of resource materials to ensure there is a sufficient supply of relevant information across a range of business types and sectors.

Learners can generate evidence from a work placement or work experience. Other learners may have access to information from family owned and run businesses.

Employer engagement and vocational contexts

Centres should develop links with local businesses. Many businesses and chambers of commerce want to promote local business and are often willing to provide work placements, visit opportunities, information about businesses and the local business context and visiting speakers.

www.businessbritainuk.co.uk Provides information about business in Britain and has extensive links to other business and business news sites.

www.fsb.org.uk The Federation of Small Businesses provides information, support and guidance about small businesses in the UK.

Many businesses provide information about themselves. For example, Unilever, can be found at: www.unilever.co.uk.

Indicative reading for learners

Textbooks

Bevan J, Dransfield R, Coupland-Smith H, Goymer J and Richards C – *BTEC Level 3 National Business Student Book 1* (Pearson, 2009) ISBN 9781846906343

Bevan J, Goymer J, Richards C and Richards N – *BTEC Level 3 National Business Student Book 2* (Pearson, 2009) ISBN 9781846906350

Coupland-Smith H and Mencattelli C – *BTEC Level 3 National Business Teaching Resource Pack* (Pearson, 2009) ISBN 9781846906367

Dransfield and Needham – *GCE AS level Business* ISBN 0435401149

Jewell B – *An Integrated Approach to Business Studies* (Longman, 2000) ISBN 0582405424

Letts – *Revise AS Business Studies* (Letts Educational Ltd, 2004) ISBN 1843154242

Marcouse, Surrudge, Watson and Swift – *Business Studies for A level* (Hodder, 2008) ISBN 0340966904

Marcouse I and Lines D – *Business Case Studies, AS and A Level, 3rd Edition* (Longman, 2002) ISBN 0582406366

Palmer and Hartley – *The Business Environment* (McGraw-Hill, 2006) ISBN 0077109902

Worthington and Britton – *The Business Environment* (Financial Times/Prentice Hall, 2006) ISBN 0273704249

Journals

Business Review Magazine (Phillip Allan Publishers – see www.phillipallan.co.uk)

The Economist (The Economist Newspaper Group Inc)

Newspapers

Quality newspapers – especially the business sections

Websites

www.bbc.co.uk/business	BBC News website
www.bbc.co.uk/news	BBC Business website
www.becta.org.uk	British Educational Communications and Technology Agency
www.bized.ac.uk	Business education website including learning materials and quizzes
www.careers-in-business.com	Information on a variety of business careers
www.carol.co.uk	Online company annual reports
www.direct.gov.uk	Gateway to public services
www.fenc.org.uk	Products and services for organisations involved in education
www.eubusiness.com	Online business information service about the European Union
www.examtutor.com/business	Support for teachers and students
www.jisc.org.uk	Joint Information Systems Committee (guidance and advice for further and higher education)
www.lsd.org.uk	Learning and Skills Development Agency
www.learnthings.co.uk	Learnthings – providers of interactive digital resources
www.nln.ac.uk	National Learning Network
www.projectalevel.co.uk	Project A Level – revision resources for learners
www.rdn.ac.uk/news/headlines	Resource Discovery Network – a gateway to internet resources for learning, teaching and research
www.s-cool.co.uk	A-level and GCSE revision material
www.statistics.gov.uk	Official UK statistics
www.thetimes100.co.uk	Free materials and case studies

Broadcasts

The following programmes often include business items:

The Money Programme BBC2 (weekly)

Working Lunch BBC2 (daily)

Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
Independent enquirers	investigating the ownership and objectives of business organisations
Creative thinkers	generating ideas about the links between the different functional areas in business organisations describing how work in different areas of organisations supports business purposes
Reflective learners	reflecting on the impact of economic and external factors on business.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
Independent enquirers	planning and carrying out research into the different types of organisation planning and carrying out research into the aims of organisations
Creative thinkers	looking at how different functional areas fit together in organisations to ensure business purposes are met adapting their skills as circumstances change
Reflective learners	setting goals for researching businesses with success criteria inviting feedback on their own work and dealing positively with praise, setbacks and criticism evaluating their experiences and learning to inform progress
Team workers	working in a group to discuss ideas about functional areas and prepare materials for presentations taking responsibility for their own role managing activities to reach agreements and achieve results
Self-managers	seeking out challenges or new responsibilities and showing flexibility when priorities change dealing with competing pressures, including personal and work-related demands responding positively to change, seeking advice and support when needed
Effective participators	taking part in group activities, working with colleagues, supervisors and managers.

● Functional Skills – Level 2

Skill	When learners are ...
ICT – Use ICT systems	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	researching organisations and their structures
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	tabulating information about organisations
ICT – Find and select information	
Select and use a variety of sources of information independently for a complex task	finding illustrative materials for presentations and tabulations about organisations creating diagrams, presentations and tabulations about the functional areas in businesses
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	exploring, extracting and assessing the relevance of information from websites about business organisations
ICT – Develop, present and communicate information	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> • text and tables • images • numbers • records 	bringing together a variety of materials gathered through research preparing information to present to others about business organisations
Bring together information to suit content and purpose	
Present information in ways that are fit for purpose and audience	
Evaluate the selection and use of ICT tools and facilities used to present information	
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	communicating with other members of a group
Mathematics	
Understand routine and non-routine problems in a wide range of familiar and unfamiliar contexts and situations	using numerical data in relation to business objectives that are in SMART terms
Identify the situation or problem and the mathematical methods needed to tackle it	
Select and apply a range of skills to find solutions	
Use appropriate checking procedures and evaluate their effectiveness at each stage	
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	
Draw conclusions and provide mathematical justifications	

Skill	When learners are ...
English	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	<p>doing group work investigating organisations and their structure</p> <p>working with others in investigating businesses (employees, colleagues, tutors, class mates)</p> <p>attending team meetings</p> <p>making presentations about organisations</p>
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	<p>reading about organisations, their purposes and structures</p> <p>reading about organisations to obtain data to facilitate comparing businesses</p>
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	<p>writing materials to provide information about organisations</p> <p>producing labelled charts and diagrams showing the structure of organisations and the links between sections within organisations.</p>