

Corporate Influences

1	Key idea	One of the main functions of the senior management team in an organisation is to make strategic decisions. For a large organisation important business decisions are likely to be influenced by a number of key factors.
2	Factors to Consider	Corporate Influences Corporate Culture Stakeholder perspective Business Ethics
3	Key Idea	The outcome of decisions can have both a long and short term impact on the company.

Evidence-based V Subjective decision making

1	Key idea	Businesses need to gather a range of information to make decisions.
2	Evidence Based	Data is gathered using the most recent up to date information available
3	Subjective Based	This is based on opinions and feelings for the best decision outcome
4	Outcome	Subjective based decision making is more risky, but surprisingly widely used

Short Term V Long Term

1	Key Idea	The long term decisions are those that affect the vision, mission, objectives of the Business. They could impact the Business in 5 or 10 years time
2	Key Idea	Short term decisions are those more operational in nature and are designed to achieve goals in 12-18 months time.
3	Strengths of Short term	See impact of decision quickly
4	Strengths of Short term	Achieve a quick win on profits
5	Drawbacks of Short Term	The long term profitability can suffer
6	Drawbacks of Short Term	Costs can be higher in the short term
7	Strengths of Long term	More likely to take a measured approach to a decisions
8	Strengths of Long term	More likely to invest in R&D giving them a growth strategy and competitive edge
9	Strengths of Long term	They look to recruit, train and retain high quality staff
10	Drawbacks of Long term	No quick wins

Key Vocabulary

1	Asset Stripping	The practice of buying businesses and breaking them up. Profitable parts are sold for cash and the rest are closed down.
2	Evidence based decision making	An approach to decision making that involves gathering information and using systematic and rational approach to reach a conclusion
3	Long Term	The time period where decisions have an impact on the vision, mission and objectives, longer than 5 years
4	Short Term	The time period where decisions only have an impact on the operational activities of a business, Typically 12-18 months
5	Strategic decisions	Decisions concerning policy that can have a long term impact on a business
6	Subjective decision making	An approach to decision making where the personal opinions of the key decision maker strongly influence the course of action chosen

Corporate Culture

1	Key idea	Corporate culture is the shared values, beliefs and norms of a business that affect every aspect of work life. A strong culture is one that is embedded in to the way a business does things.
2	Key Idea	Every workplace has a slightly difference atmosphere. Some are busy, some are friendly, some are disorganized and some are challenging. This is the culture of the Organisation.
3	Advan of a strong culture	It provides a sense of identity for employees
4	Advan	Workers identify with out employees which helps to build teamwork
5	Advan	It increases the commitment of the employees to the company which reduces turnover
6	Advan	It motivates worker, which increases productivity
7	Advan	Helps to reinforced the values of the organization

Handy's Theory

1	Power Culture	In an organisation with a power culture, power is held by just a few individuals whose influence spreads throughout the organisation.
2	1	Control radiates from the centre
3	2	Concentrates power among a few
4	3	Few roles and a little bureaucracy
5	4	Swift decisions are possible
6	Role Culture	Organizations with a role culture are based on rules. They are highly controlled, with everyone in the organization knowing what their roles and responsibilities are.
7	1	People have clearly delegated authorities within a highly defined structure
8	2	Hierarchical bureaucracy
9	3	Power derives from a persons positions
10	4	Little scope exists for expert power
11	Task Culture	Task culture forms when teams in an organisation are formed to address specific problems or progress projects.
12	1	Teams are formed to solve particular problems
13	2	Power derives from expertise as long as a team requires expertise
14	3	No single power source
15	4	Matrix organizations
16	5	Team may develop own objectives
17	Person Culture	In organizations with person cultures, individuals very much see themselves as unique and superior to the organization. The organization simply exists in order for people to work
18	1	People believe themselves to be superior to the business
19	2	Business full of people with similiary training, background and expertise
20	3	Common fiems of professionals eg, lawyers & accountants
21	4	Power lies in each group of individuals

Effects of Organisational Culture

1	Key Idea	Orgnaisational culture affects a business in a wide variety of ways. Three of these ways are motivation, organisational structures and change
2	Motivations	This affects the Businesses staff directly. For examples motivation is likely to be greater if the cuture of the organsiaiton is respectful and acknowledges individual workers and their achievements
3	Org Structures	In a person culture the hierarchy is likely to be faily flat. This is because the number of key workers share the layers of senior management roles. Eg Doctors
4	Change	Change includes New Manamgement and Mergers or takeovers
5	New managemen	One way for a business to change is for new management to be appointed. The greater the change needed the more likely the new management will have to conform to the existing culture
6	Mergers or takeovers	When 2 businesses merge each business is likely to have different culture. The process of creating a single business out of 2 with therefore involve changing the culture of both

Handy's Four Classes of Culture

Power

Role

Task

Person

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How is Culture Formed

1	Key idea	Many factors contribute to the formation of organisational cultures. These include the role of the founding members their personalities and their beliefs.
2	Key Idea	Other factors that are likely to impact the formation of a firms culture are the environmental factors, the history of the business, or the type of products sold.

Key Vocabulary

1	Cultural Dimensions	A set of characteristics that form the international context of business culture
2	Organisational, organisation, corporate or business culture	The value, attitudes, beliefs, meanings and norms that are shared by people and groups within an organisation
3	Strong Culture	A culture where the values, beliefs and ways of working are deeply embedded within the business and its employees



Ethic in Business

1	Key idea	Ethics in the context of business considers the moral 'rights and wrongs' of a decision, focusing more on a strategic level.
2	Key Idea	All businesses need to make ethical decisions as part of their corporate strategy
3	Examples	<ul style="list-style-type: none"> • Consideration for the Environment • Animals Rights • Workers in Developing Countries • Corruption • New Technologies • Product Availability • Trading Issues
	Code of Practice	These identify how employees in a business should respond in situations where ethical issues arise
	Ethical Objectives	It will not test its products on animals It will deal with suppliers fairly It will not accept bribes from customers

Pay and Remuneration

1	Key Idea	Remuneration is the reward for work.
2	Key Idea	<ul style="list-style-type: none"> • It is used to attract employees • To reward and motivate existing staff • Maximize productivity level

Corporate Social Responsibility (CSR)

1	Key Idea	This is a Business model that helps a business be more social accountable for their decisions
2	Key Idea	Can be measured in the following ways: Employment indicators Human rights indicators Local Communities indicators Business integrity and ethics Sourcing products responsibility Protecting the Environment

Trade off between Profit and Ethics

1	Key Idea	A trade off exists when the selection of one choice results in the loss of another
2	Key Idea	For Businesses, acting ethically when not required to do so by the law can have a negative impact on profit
3	Drawbacks of Being Ethical	Being Ethical raises costs It can reduce revenue because products cost more, so prices will be higher Makes Businesses accountable for their decisions,
4	Positives of being ethical	Can be used to promote the Business Can give the Business a good Reputation, which means more sale

Key Vocabulary

1	External Stakeholder	Groups outside a business with an interest in the business activity
2	Internal Stakeholders	Groups inside a business with an interest in the business activity
3	Shareholder	Someone who buys shares and owns part of the business
4	Shareholder value	A measure of the business performance that combines the size of dividends with the share price
5	CSR	A Businesses assesses and takes responsibility for the effects on the environment and its impact on social welfare
6	Ethical Code of Practice	Statements about how employees in a business should behave when ethical issues arise
7	Ethics	Considering the moral rights and wrongs
8	Remuneration	The reward for working in any form of pay and wages
9	Minimum Wage	The minimum pay per hour all workers are entitled to by law