



Because Marketing deals with product features, the staff have to be in close touch with Production. The two functions rely on each other. Similarly, Marketing deals with pricing, this means that the Finance Manager must also link with Marketing.

**Administration Manager** - this office looks after all of the documentation and processes that are required to ensure that XYZ Ltd works efficiently. This means dealing with invoices, orders, despatch notes, delivery notes and all requisitions. The information that is collected by the administration must be stored and perhaps used again later for further decision making.

The data produced by Administration comes from all the other functions. This means that they rely on the staff within the others areas and they in turn often need the services of Administration. For example, the Production Department need materials that will be ordered by Administration staff.

[An organisational chart is a possible means of presenting this.]

### Functional Activities in Organisation B

#### Notes for P4

Just as a private business has a board to give strategic direction, in a PCT there is also a board. However, here the board contains a mixture of paid executives and other non-executive directors. These directors do not have management roles. The PCT has board members to represent outside interests because it is in the public sector.

The XXX Primary Care Trust also has functional activities and these are represented in the board structure. In XXXX PCT, there are the following functions:

**Chief Executive** - overall leader of the day-to-day management of the PCT, in charge of all other functions.

**Director of Finance** - takes charge of all financial matters relating to the PCT including monitoring the budget, costs, income and expenditure analysis; reporting to the board on all financial matters. Because all of the activities of each of the other departments in the PCT require finance and financial budgeting, the Director of Finance is at the centre of the activities of them all. The Director of Finance needs to get information from them so that budgets can be created; each functional area needs information from Finance, so that they can plan and operate.

[There should also be a brief summary of some of the following typical functional areas found in a PCT.]

**Director of Public Health**

**Director of Strategic Planning**

**Director of Information Services**

**Director of Corporate Affairs and Communications**

**Director of Workforce**

**Director of Care Services**

#### Additional display for (M4)

[A chart could be used within a POSTER to show the outline structure.]

There should be notes appended to the chart to explain.



[example notes]

To make sure that doctors and other health professionals also have a say in the strategic operation of the PCT, there is a **Professional Executive Committee** that consists of six medical practitioners, two nurses, two pharmacists, dental representatives, a midwife and a representative from Social Services. This committee acts as a policy advisory group, so that the management of the PCT can have a specialist professional support group.

Each of these functional activities is required to work together to meet the strategic goals of the PCT. The board, together with the supporting professional groups, ensures that this happens.

### **Director of Finance**

The specialised functions in the PCT are interdependent. Without the support and awareness that comes from the Director of Finance, other specialisms could not carry out their work. Financial planning and control is essential so that care services, information services and everything else can be done. In order for the PCT to offer an effective integrated health service in a local area, the various functions must be aware of each other's work and activities so that the public receive a cohesive and well-organised service.

### **Director of Corporate Affairs and Communications**

This responsibility oversees the PCT in relation to its public relations. Because of this, its work brings it into contact with many of the other specialisms in the organisation. If the PCT achieves something positive or newsworthy in its work, this Director and staff must liaise with the people most closely involved to make sure that the correct message is sent out. Without full co-operation, they cannot perform their role effectively.

### **Director of Workforce**

This specialism must ensure that the PCT is staffed with the people with the right skills, qualifications and experience to be able to do their jobs well. The role also involves workforce planning. Because all of the separate specialisms within the PCT need good staff with the right experience, the Director of Workforce must work with them to plan staffing and recruitment, as well as staff development and training. This Directorate needs lots of co-operation and internal liaison to perform well. Similarly, other departments need them to help them, this is known as 'interdependence'.

### **Task 3 (P5)**

[The sample response content offered relates only to ONE organisation. Please note the criteria calls for two contrasting organisations to be covered.]

#### **Report on external factors impacting on XYZ Ltd and XXX Primary Care Trust**

##### **1. Introduction**

I was invited by my teacher, XXXXXXX, on [date] to research two contrasting organisations to discover the various external factors that have an effect on the business. The two contrasting organisations I decided to investigate are:

- XYZ Ltd
- The XXX Primary Care Trust

In order to gather the information I needed, I accessed the websites of the two organisations and studied the Annual Reports and the CSR reports. I have also studied local newspaper reports about the two businesses.



## 2. Findings

### External factors affecting all organisations

All organisations have to work within an external environment that contains a number of important factors. Each of these factors exerts an impact, in different ways, upon what the organisation does. The external factors are:

- legal
- political
- economic
- environmental
- social

### How these external factors influence XYZ Ltd

#### 2.1 Legal

The law exists to provide rules and regulations that everyone must adhere to. Law gives protection for various groups and requires business organisations to put in place procedures that will ensure they stay within the law.

All business organisations have to comply with the law. For example, there are laws on **health and safety** that XYZ must be aware of. These laws create regulations that are designed to control the working environment in the factory. There must be a safety officer, a safety committee and every employee and manager must be aware of safety rules, so that unsafe practices or risks are monitored or avoided. The managers in XYZ have to do risk assessments on the various processes that they undertake to make their products. These assessments must be written down. The health and safety act must be displayed on a notice in the factory.

Other legal requirements are to do with **employment**. Employees are entitled to a contract stating their terms and conditions; the business has to avoid discrimination in appointments of both new staff and internal promotions. Discrimination on grounds of sex, race, religion, disability or age has to be avoided by using policies and procedures to prevent them.

There are laws about product safety that XYZ must be aware of, too. Customers are entitled to have assurances that products are fit for purpose and that they will perform as they are supposed to do.

[Learners may be able to investigate specific legal requirements impinging on a company such as XYZ Ltd, e.g. regulations about driver hours.]

#### 2.2 Political

The wider political environment can have an impact upon business. Here, an example would be the political climate surrounding matters to do with the environment. All political parties are anxious to show that they are willing to act to keep our natural environment clean and safe. Some businesses are very directly affected by this. Recently, budget airline operator RyanAir was subjected to criticism by a minister for the polluting effect of flights. XYZ Ltd might have to consider things such as waste disposal, emissions from the factory, etc. These could have cost implications for the business.

If government changes and another party takes control, they may have a different view. The transport company Go Ahead, and other businesses in the transport industry, are subjected to political pressures because public transport is a big part of government policy. Because of political pressures, bus companies have to consider lots of things that they otherwise might not.



Organisations that work in the public sector are paid for from government funds. They must operate within the powers and responsibilities that they are given by national government. Here, if there is a change in political attitude, their work could be dramatically changed. An example would be if the NHS began to be transferred into the private sector.

### 2.3 Economic

These forces locally come from things to do with interest rates and fiscal (budgetary) policies. Economic forces also come from overseas. As a nation, we are subject to both local and global economic forces. If the Bank of England takes a decision to raise interest rates, that directly affects business because money becomes more expensive. If the exchange rate for the Pound against the US Dollar or the Euro changes one way or another, imports and export values change. Businesses such as XYZ Ltd are always subject to economic forces and these can affect how they perform.

Other economic forces are to do with changes in global trade. Places like China and the whole Pacific Rim area are now growing in economic importance. In the past, British firms could be comfortable knowing that they did not have serious competition from those countries. Today they do. This means that business leaders of companies like XYZ Ltd here in the UK have to think of ways in which they can either compete with or relocate to those parts of the world. Because of economic forces, the cost of labour here is much higher. XYZ Ltd may have trouble attracting really skilled workers. Economic forces impact on many stakeholders of XYZ Ltd.

### 2.4 Environmental

These forces have also been covered in the political forces section. XYZ Ltd carries out production processes; as they do, they must produce waste and this must be disposed of. Because there are huge concerns today about the wider environment, nobody can lawfully dump waste anywhere other than in controlled places. Here, the stakeholders are the local community, specifically those who live in the immediate area around XYZ.

Modern businesses have to be seen to respond to the natural public concerns about our planet. XYZ Ltd might try to make sure that they invest in cleaner equipment, that trucks and vans are low-emission, that the factory environment is kept clean. Whenever there is an opportunity, XYZ Ltd will try to gain positive PR by letting the press know what they are doing to help keep the natural environment safe.

### 2.5 Social

These forces are to do with people's lifestyles, attitudes and how they live. There have been some very big social changes in recent years, all of them affecting the ways that a business like XYZ Ltd works.

One social change is the place of women within our society. It is no longer acceptable to treat women like second-class workers because they may have a family. Today, it is expected that women get equal pay and equal treatment at work. A business such as XYZ Ltd might employ women in senior management roles and they might also adapt their work practices so that women can fit a working life into family life. An example would be where two women job share a senior role. This is a big change in social attitudes that might have an effect on XYZ. They might decide to offer contracts that are completely flexible in order to attract women with the right skills to work for them.

Other social forces are to do with discrimination. It is not acceptable to discriminate on grounds of irrelevant factors such as race, nationality, sexual orientation, disabilities or age. People who feel that this has happened can complain.