

**FURZE
PLATT**
SENIOR SCHOOL



A-Level Business Studies

“Business opportunities are like buses, there’s
always another one coming.” – Richard
Branson

AMBITIOUS

COLLABORATIVE

HAPPY

INTEGRITY

ENDURANCE

VERSATILITY

EXCELLENCE

Icebreaker Activity

- Identify logos of well-known companies (e.g., Google, Apple, McDonald's, Amazon)
- Work in pairs and discuss what you think the organisational culture of each company is like.
- Revisit → share your thoughts with the class.

Edexcel: Qualification at a glance

Theme 1: Marketing and people

Students will develop an understanding of:

- meeting customer needs
- the market
- marketing mix and strategy
- managing people
- entrepreneurs and leaders.

Theme 2: Managing business activities

Students will develop an understanding of:

- raising finance
- financial planning
- managing finance
- resource management
- external influences.

Theme 3: Business decisions and strategy

This theme develops the concepts introduced in Theme 2. Students will develop an understanding of:

- business objectives and strategy
- business growth
- decision-making techniques
- influences on business decisions
- assessing competitiveness
- managing change.

Theme 4: Global business

This theme develops the concepts introduced in Theme 1. Students will develop an understanding of:

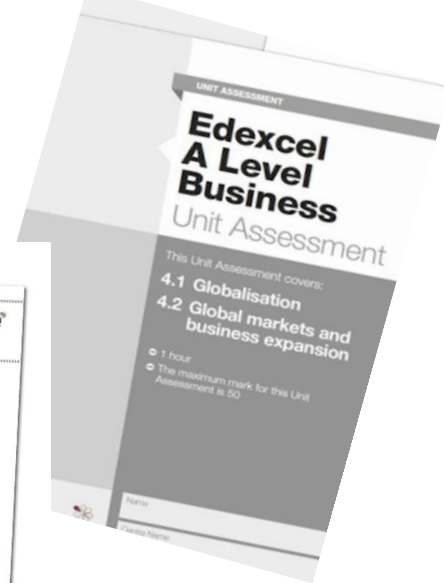
- globalisation
- global markets and business expansion
- global marketing
- global industries and companies (multinational corporations).

Market Equilibrium

Theme 1: Section 1.2 The Market



Delivery



Good Guys Pizza case study materials including a 'THE ACTION' section with a table of financial data and a 'PIZZA THE ACTION' section with a table of operational data.

Year	Revenue (£m)	Profit (£m)
2017	140	10
2018	150	13
2019	160	15

Year	Revenue (£m)	Profit (£m)
2017	140	10
2018	150	13
2019	160	15

(a) **Explain** how Sony could be disadvantaged by operating in a **dynamic market**. (4)

(b) Using the data in Extract A, **calculate** the UK retail price of a PS4 to the nearest pound if the **exchange rate** is £1 = \$1.68. You are advised to show your working. (4)

(c) **Assess** the possible benefits to **manufacturers** of video games consoles of the **liberalisation** of the **Chinese market**. (10)

(d) **Assess** the likely impact of the proposed expansion of **ASEAN** on a business such as **Sony**. (12)

Sony is aiming to enter the Chinese **video games console market**. Sony could focus on its **pricing strategy** or the **branding** of its games consoles.

(e) **Evaluate** these two options and recommend which one is the most suitable for **Sony** to **maximise sales** when entering the **Chinese market**. (20)

Edexcel A Level Business Worksheets & Case Studies book cover. The book includes key topic worksheets and case studies with exam-style Q&A for Theme 1 and Theme 2 of Edexcel A Level Business.

Examination

Paper 1: Marketing, people and global businesses

*Paper code: 9BS0/01

- Each question is drawn from topics across Themes 1 and 4, and from one or more of the following contexts: local, national or global.
- Sections A and B each comprise one data response question broken down into a number of parts, including one extended open-response question.
- First assessment: May/June 2017.
- The assessment is 2 hours.
- The assessment comprises 2 questions.
- The assessment comprises 100 marks.

35% of the total qualification

Paper 2: Business activities, decisions and strategy

*Paper code: 9BS0/02

- Each question is drawn from topics across Themes 2 and 3, and from one or more of the following contexts: local, national or global.
- Sections A and B each comprise one data response question broken down into a number of parts, including one extended open-response question.
- First assessment: May/June 2017.
- The assessment is 2 hours.
- The assessment comprises 2 questions.
- The assessment comprises 100 marks.

35% of the total qualification

Paper 3: Investigating business in a competitive environment

*Paper code: 9BS0/03

- Each question is drawn from one or more of the following contexts: local, national or global.
- Section A will focus on the broad context provided in the pre-released document issued on our website in the November of the previous year. Section B will focus on at least one strand within the context provided.
- Each section will contain unseen stimulus materials comprising quantitative and qualitative evidence. Students are required to apply their knowledge and understanding from Themes 1, 2, 3 and 4 and their understanding of the broad context to this evidence.
- Questions in Sections A and B each comprise one data response question broken down into a number of parts, including one extended open-response question.
- Students **cannot** take any of their research or investigation data carried out as part of the pre-release into the examination.
- First assessment: May/June 2017.
- The assessment comprises 2 questions.
- The assessment comprises 100 marks.

30% of the total qualification

Topic 3.4.2 Influences on business decisions

Introduction to Corporate (Organisational) Culture



Starter – what does the term ‘culture’ mean?

So what is Organisational Culture?



Definition “The way we do things round here”
E.g. attitudes, values, beliefs, symbols, rituals
Mission statements are crucial to understanding this



A useful analogy for Corporate Culture



Culture is the ★
DNA of a business

Culture “guru” Charles Handy

**Handy’s Concise
Definition**

**“The way we do
things around here!”**



Handy's Four Types of Culture

Power

Role

Task

Person

Groups (3) Task

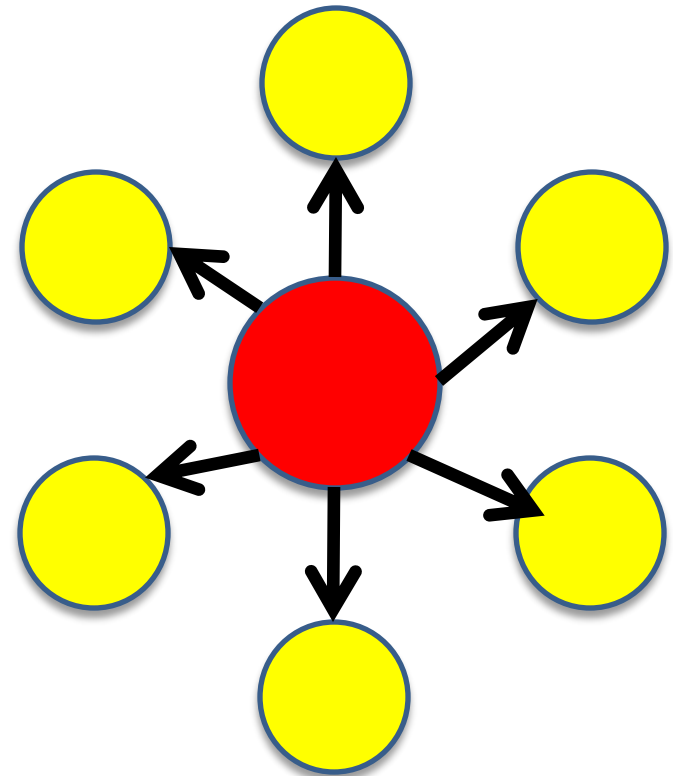
Use examples to illustrate each type.

20 minutes

Power culture

1

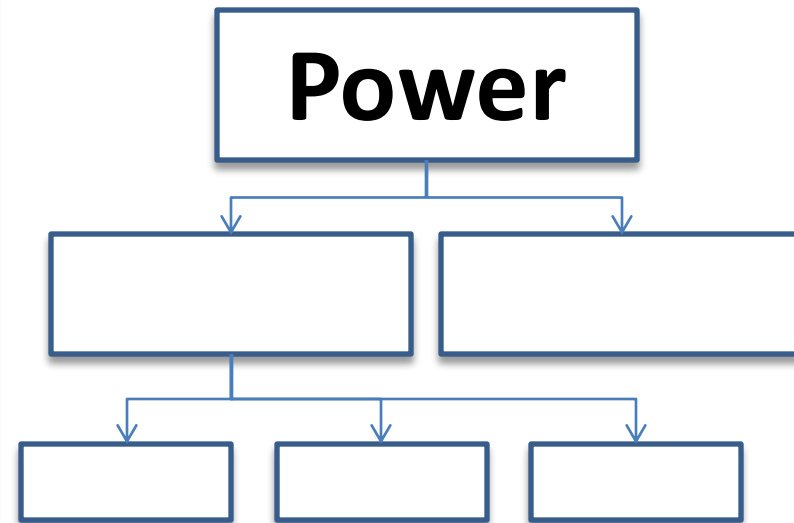
- Control radiates from the centre
- Concentrates power among a few
- Few rules and little bureaucracy
- Swift decisions are possible



Role culture

1

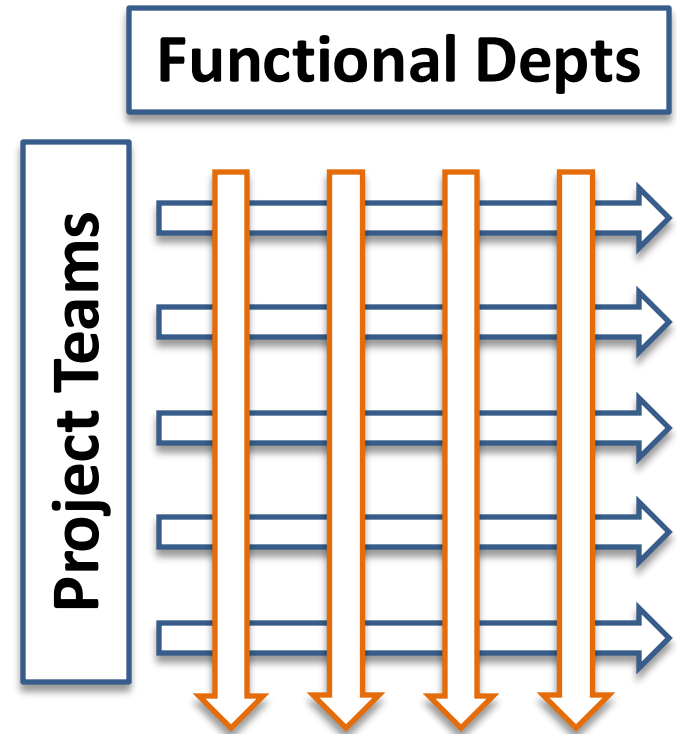
- People have clearly delegated authorities within a highly defined structure
- Hierarchical bureaucracy
- Power derives from a person's position
- Little scope exists for expert power



Task culture

1

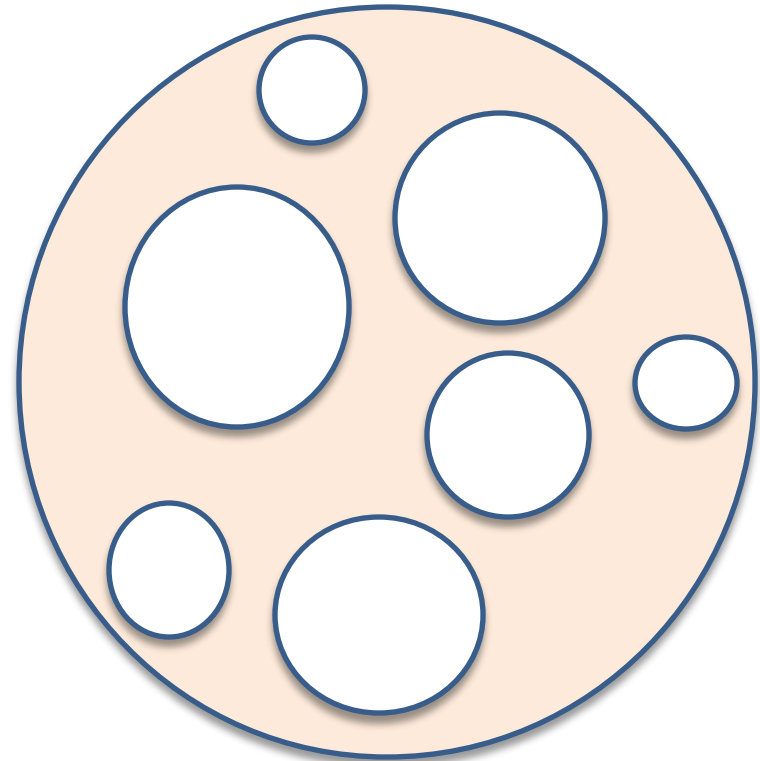
- Teams are formed to solve particular problems
- Power derives from expertise as long as a team requires expertise
- No single power source
- Matrix organisation
- Team may develop own objectives (a risk)



Person culture

1

- People believe themselves to be superior to the business
- Business full of people with similar training, background & expertise
- Common in firms of professionals – e.g. accountants & lawyers
- Power lies in each group of individuals



Culture types and leadership style

Cultural Type	Suitable Leadership Style?
Power	Autocratic
Role	Autocratic or paternalistic
Task	Paternalistic / democratic
Person	Democratic

Q: So, why is organisational culture important?

Key words – 7 minutes

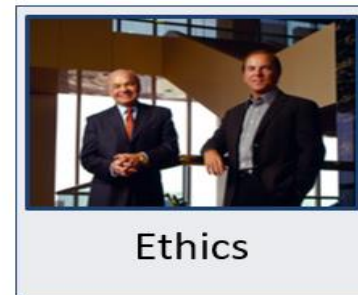
- External environment
- Decisions
- Performance
- Communication
- Customers
- Mission
- Leadership

**Q: So, why is
organisational culture
important?**

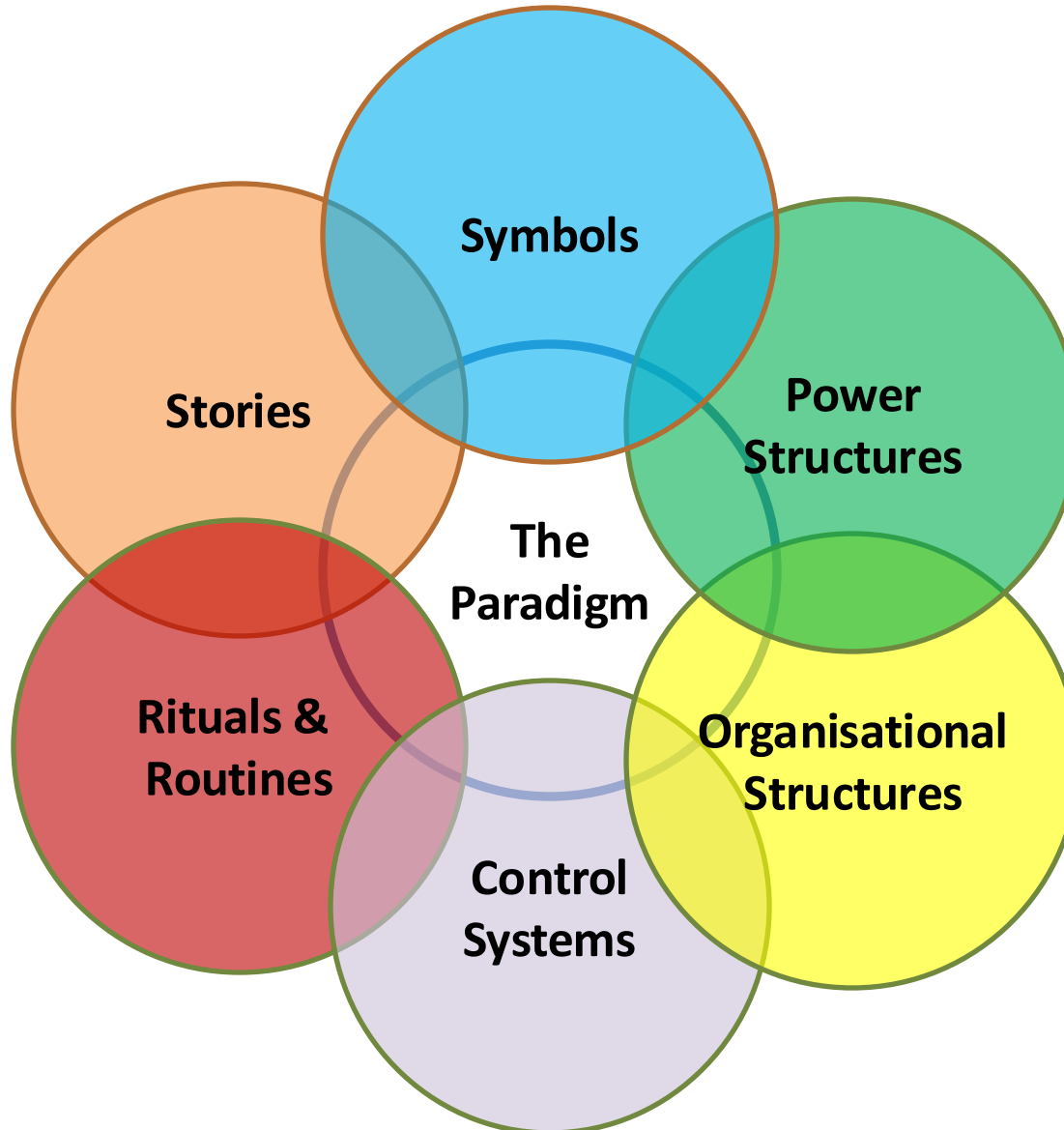
Use the key words to formulate a response
(link them together – chain of reasoning)



- Response to **external environment**
 - How **decisions** are made
 - Impacts behaviour and **performance**
- How **customers** are treated
 - Influences **mission** statement
 - Type of **leadership** style
- Methods and style of **communication**

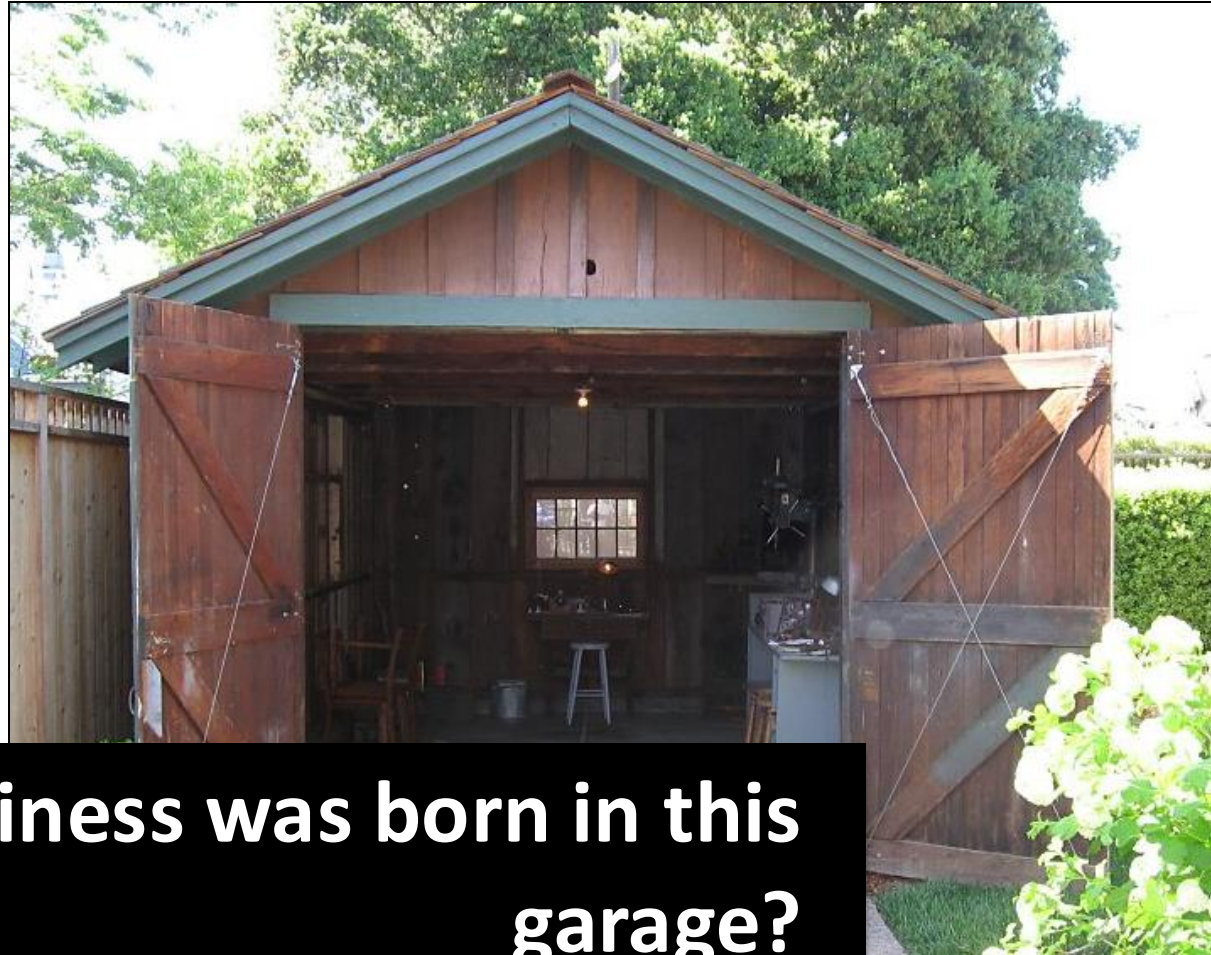
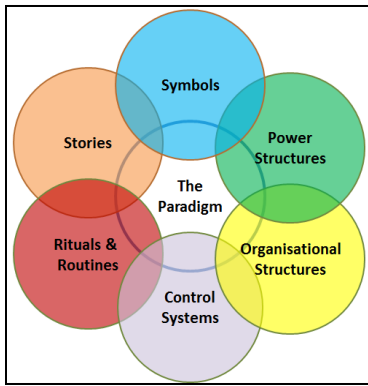


The **Cultural Web** of an Organisation



*Source:
Johnson &
Scholes*

Stories



Which business was born in this garage?

Q: What is the culture of Apple?

Key words – 7 minutes

- recruited
- guests
- space
- delegation & individual responsibility
- contracts
- personality
- responsiveness
- methods
- staff

Q. How culture might be demonstrated?

Use the key words to formulate a response
(link them together – chain of reasoning)

How culture might be demonstrated




- How employees are **recruited**
- The way that visitors and **guests** are looked after
- How the working **space** is organised
- The degree of **delegation** & **individual responsibility**
- How **contracts** are negotiated and agreed
- The **personality** and style of the sales force
- The **responsiveness** of communication
- The **methods** used for communication
- How **staff** call each other

Discuss / Brainstorm

4- 7 minutes

- What makes a culture toxic/ a liability?
- Features of a positive culture

Possible signs of toxic culture

- Weak leadership 
- Authoritarian or bullying leadership
- Lack of transparency & morality
- Dishonesty & corruption
- Reluctance to embrace change
- Lack of openness and honesty

Examples of when culture goes wrong!

- **News of the World / News International:** phone-hacking & bribery allegations
- **RBS & Fred Goodwin:** Reckless external growth & lending hastened banking crisis of 2008/9
- **GlaxoSmithKline:** record \$3bn fine for misselling of drugs and bribery
- **Enron / Jeff Skilling:** US's 7th largest firm turned out to be an elaborate scam
- **Barclays:** role in LIBOR rigging & PPI misselling leads to departure of CEO Bob Diamond

Plenty of examples of toxic culture!



Video: https://www.youtube.com/watch?v=_n5XycsBQCo

Competitive advantage

Features of Positive / Successful Culture

- A source of competitive advantage & potentially the most important intangible asset of an organisation
- Clear set of values, mission & goals
- Performance-orientated
- Encourages suitable risk-taking & innovation
- Strong internal communication
- Engaged employees: higher motivation & loyalty
- Better connection between depts. & divisions
- Not easily copied



Examples of culture as a competitive advantage (1)

- **Zappos:** defines its culture in terms of 10 core values made part of everyday working life. For Zappos, the "culture is the brand"
- **IKEA:** clear link between strong corporate culture, the business model and financial success ("to visit IKEA is to visit Sweden"). IKEA's vision and values ("to create a better everyday life for the many people") drives the way the culture operates.



Examples of culture as a competitive advantage (2)

- **Southwest Airlines:** A strong culture based on employee engagement has helped make it the most profitable, low-cost airline in the world. Herb Kelleher (CEO): "The business of business is people"
- **German mittelstand:** family-owned businesses with a strong long-term perspective have driven German economic success; invest in quality.



2 Classic Case Studies in Positive Culture



Zappos

(Online Shoe Retailer)



Southwest Airlines

World's Largest Low-Cost Airline


Video: https://www.youtube.com/watch?v=G9IZV_828OA

Discuss / Brainstorm

3-6 minutes

- Why might a culture **need changing**?
- **Can culture be changed**?
- What are the **barriers** to change?

Why might a culture need changing?

- Improved business performance 
 - Declining profits and sales
 - Low quality or standards of customer service
 - Loss of market share or leadership
- To respond to significant change
 - Respond issues around ethics & illegality
 - Change of ownership (e.g. acquisition)
 - Change of leadership (e.g. a new CEO)
 - Economic conditions (e.g. downturn)

Q: What other signs are there, that a culture might need changing?

Signs That Organisational Culture May Need Changing (1)

- Internal fighting; management **criticism**
("us & them mentality")
- High levels of voluntary **staff turnover** &
hard to retain top talent
- Greater **absenteeism**
- Processes become more **bureaucratic**

Signs That Organisational Culture May Need Changing (2)

- **Innovation** is no longer valued
- Evidence of declining **customer service**
- Leadership show double standards or **decision-making** becomes inconsistent
- **Communication** becomes more closed and restricted

Examples of Complacent Culture that Needed to Change?

- **Kodak:** too late to embrace the rapid shift from film to digital photography
- **Nokia:** long-time dominant market leader in mobile phones failed to spot fast-moving challengers
- **Sony:** silo mentality arising from market leadership reduced the incentive & energy to innovate



Q: Can culture be changed? How?

Can culture be changed?



Major culture overhauls are hard to do and often fail

It's a long race — culture evolves slowly

Momentum is hard to sustain

Only attempt a major overhaul if it is really necessary



Drucker on changing culture

“Company cultures are like country cultures. Never try to change one. Try, instead, to work with what you’ve got.”



Ed Schein on Culture Change

Never start with the idea of changing a culture - **start with the issues that the organisation faces** and assess whether the existing culture gets in the way of resolving those issues.

Always think first of the organisational culture as a source of strength even if some elements are dis-functional. If major changes are needed, **try to build on existing cultural strengths.**

Q: What are the barriers to change?

Barriers to change



- The culture of an organisation resisting the **power structure**
- Managers feeling **threatened** by the process of change
- **Resistance** from employees
- A **lack of understanding** about why change is to take place
- A lack of **communication** or trust
- Employees fearing the **unknown**.

Culture Worksheet: 9 minutes

Specification Topic: Corporate culture



Q1	Fill in the gaps
<p>An organisational _____ is the values, attitudes, beliefs and behaviour of the staff and management within a workplace. A _____ culture is one that is deeply embedded into the way staff behave and carry out their duties. This not only gives the workers an identity and belonging which _____ stated was necessary to fulfil needs at work, but it can give the firm a competitive advantage.</p> <p>For example, Amazon use the word “frugality” in its set of corporate values, exemplified by founder and billionaire Jeff Bezos, who chooses to drive a Honda car, rather than a more expensive make, which he could clearly afford. Similarly, Ingvar _____ the founder of IKEA drives an old Volvo car to reflect his value of “cost-consciousness”. Furthermore, he always books the cheapest economy airline ticket when visiting UK IKEA stores. Leaders therefore set an _____ and shape the culture of a firm. In both Amazon and IKEA’s cases, this encourages staff to keep down _____, which is crucial if a firm is to be competitive on price.</p> <p>Unfortunately a _____ culture can lead to very unethical behaviour. At the News of The World newspaper, it had become “normal” for journalists to hack the phones of celebrities in order to gather exclusive stories. Eventually the newspaper brand was so damaged, all advertisers stopped using the paper and it was closed down.</p>	
<p>Choose from: costs; strong; example; toxic; Maslow; culture; Kamprad</p>	

Q2	Match the description with the correct term	
	Power culture	A. Where the behaviour and attitudes of staff can damage a firm’s reputation and lead to unethical behaviour
	Task culture	B. Where there is a central source of power responsible for

Plenary - Whose corporate culture is this?

Customers are “guests”

A job is a “part”

A uniform is a “costume”

Being on duty is “onstage”

Being off duty is “backstage”

Quiz

<https://www.tutor2u.net/business/reference/organisational-culture-revision-quiz>

Summer work

Task 1: Corporate Culture Research Task

The use and exploration of business case studies provides a good basis for explaining how corporate culture is formed, classifications (types) of cultures and difficulties in changing established cultures.

Pick any two of the following businesses: **Kodak, Nokia, Ikea, Google, Amazon, Zappos, South West Airlines, Barclays** (ideally, try to go for two contrasting businesses, e.g. one with a weak culture, the other with a strong culture).

For each business, answer the following questions in full paragraphs/sentences

1. Would you categorise the culture as strong or weak? Reasons for this?
2. Which of the four classifications (according to Charles Handy), would you put this example? What evidence do you have for this?
3. Why do you think this business has such a culture? (Link to internal and/or external factors) From where did it originate? Do the founders of the business still work there? Are they key decision makers?
4. Has the culture always been as it is? What changes have occurred? How did the changes happen?

Two pages (or one page double sided).

Note:

The formation of corporate culture depends on many factors that are unique to each business and its history. Some of the key factors include: the role of the founders and owners – are they still involved in key decisions, are they 'visible' to other workers?; the nature of the business and the products and services it sells; the degree to which these have changed over time; the business

Task 2: Essay question:

Read the item below and then answer the question that follows:

Many successful businesses find it hard to adapt to the departure of a charismatic founder whose influence created and nurtured their firm's organisational culture.

It is often said that strong organisational cultures exist under the "shadow of the leader". Where this happens, management and employees shape their behaviour and actions based on what they believe would be expected by a dominant leader or founder.

One example might be Apple whose strategy and success was widely attribute to the visionary approach of Steve Jobs. When Jobs died in 2011, many industry observers speculated that the innovative culture at Apple might struggle to be sustained without Jobs in charge.

Apple's new CEO Tim Cook pledged to sustain Apple's track record of product innovation whilst recognising that he would be a different kind of leader to Jobs.



Is organisational culture inevitably and permanently damaged following the departure of a strong founder or leader?

Two pages (or one page double sided).