

- Even though it is legal, we shall always take note on the issue of ethics. If the behavior is publicized, this will *affect ABC's business reputation*. Thus, this will potentially affect ABC's demand in different countries especially when everyone can easily know about this with the technological development such as the use social media. Customer might recognize ABC as unethical business so they will *no longer support ABC business anymore*, perhaps they don't want to have any link with unethical business likes ABC. From here, we can say that, although ABC could increase the sales in short-term, it is likely that in long-terms, this will affect reputation, and *reduce the sales from other customers significantly*. Hence, it may not be worth to do so.

- If ABC could develop corporate social responsibility, by taking into account stakeholders' interest while making the decision that could have impact on them, such as in this case, then this could actually help ABC to gain more in future. Although it can be very expensive, and the shareholders might lose faith in *short-term*, it seems to us that this is a new route for business to attract *more ethical customers*, as well as workers to increase their sales and quality of goods.

- If it is realized that the quality used is lower one, customer may shift themselves to competitors. Thus, in long-term, ABC will loss its customers.

- If wages are paid below minimum wage, or child labour are used, it is true that cost can be saved, but at the same time when this is publicized, this would cause a *great negative consequence to ABC*. In addition, there might be protest from pressure groups, business will be perceived as 'unethical, depriving people's rights and so on'.

Evaluation

- Identification of short-term and long-term benefits. For instance, even though doing something unethical can help ABC to get more sales, in long-term, this may cause poor image.

- Identification of the importance of CSR in future, especially when there is an increase awareness on CSR.

- Identification of how adopting this ethics could have impact on business and its shareholders. This might cause the business to loss profits, and shareholders might have resentment and sell their shares to the others.

- Identification of how likely all this unethical behavior will be publicized or leaked out. If the chance is higher, then ABC are not encouraged to act unethically.

- A conclusion is important based on the evaluation. If students find it hard to decide which side to support, I would recommend them to support the good side. For example, by saying that ABC should not act unethically, as in long-term, this will cause them to suffer more.

2. Evaluate the impact to ABC of implementing a corporate social responsibility policy [16]

Common Questions in Human Resource Management

1. Recommend an appropriate organisational structure for the business ABC. [16]

Reference: Summer 2019/3/2 + Winter 2018/3/1

Definition

- Organisational structure is a formal, internal framework of a business that shows how the management is organized and linked together and how the authority is passed down from the top.

Identification of the current organisation structure used by ABC

- The current organisational structure used by ABC is hierarchical structure based on function. This organisational structure comes with some benefits as it allows employees to focus on their role, such as sales marketing and so on. However, we can see that there is no coordination between different departments (perhaps lack of horizontal communication), and this leads to inefficiency of work, workers making duplication of work. In addition, we can see that there is poor communication between departments. This will decrease the productivity, complicate the processes and delay the completion of task. Also, they become more self-centered now, lost sight of the whole organisation.

To solve this problem, we have to recommend some other organisational structure to ABC.

- Recommend divisional structured based on geographical, and by product or service

As we can see, ABC has divisions throughout country Q, this means that there might be different branches in different regions with different cultures. Perhaps, the **geographical structure** may be useful here because it may allow quicker decision-making, especially when we know that ABC is controlling so many branches, and it is less likely for them (the head management) to react to any questions from below so quickly. Thus, a geographical structure may be useful. Its **advantages** can also be explained by looking at the regional differences, which allows the local firms to make decision based on the culture or external factors there. This will be useful as compared to the head management who have not local knowledge, and is likely to make a wrong decision. **Chance of differences in image and quality may occur across divisions.** It is true that introducing this structure may cause some **loss of control** from ABC head office, as they may have to delegate some power, which a wrong decision may be made, and this leads to the customer dissatisfaction. However, looking at the good side, this should be a good decision as it allows development of staff in some sense to prepare them for higher position in future.

In fact, we can see that ABC is also developing different types of products. So, a product-based structure could perhaps be used as it allows the managers to focus on special needs of different divisions. Coordination of functional activities related to a product line is easy under this structure. If there are too many divisions, coordination becomes complex and difficult. It may give rise to conflicts between divisions.

Matrix structure improves communication between departments allowing better decisions to be made. This could be linked to change required by strategic options. Where there are conflicts of interests, the quality of decision-making is enhanced by matrix structure. Not self-centered now but it allows communication of departments in one project. It combines the advantages of

- Identify whether the nature of business to see whether it could not be affected by any sudden industrial action.
 - Make a conclusion as to trade union recognition or not.
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10. Discuss whether improving internal communication will be enough to ensure ABC overcomes its quality problems. ***Though this is a business communication problem, you have to link it to quality issues***

Definition

- Internal communication means the exchange of information between people and groups within an organisation, with feedback.
- There are different ways of communication such as written, oral, IT and web-based communication, as well as visual communication.

Quality issues that are commonly found:

- low quality of goods, high return of goods...etc.

Advantages of improving internal communication:

- **Ensure that the messages are received, and the receiver (worker) clearly understand it.**
– This will reduce the quality problems as instruction is conveyed clearly. Clearly, if only written communication is used, this could not be achieved, because it does not allow communication. Thus, the manager could not know whether it is received or not, and even it is received, the workers do not have chance to clarify any doubt which they have. By improving internal communication, such as allowing oral communication too, this may improve the quality of goods.

- **Ensure workers' motivation.** – Current methods of communication can be very demotivating because it lacks the contact between employees and managers/supervisors. The workers might feel that managers/supervisors do not care about them, as they never contact personally. Thus, staffs do not feel involved, and will not work so hard. This could be one of the factors that cause quality issues. Contrast to the situation when they are able to contact with staff, they would be able to report any issue to them directly, thus they will feel more valued. This means that they will take more care about their work, so increasing the quality of work, but reduce the reject rate.

- **Ensure that managers could identify potential quality issues** in BSJ. As there is lack of vertical communication, but messages are sent without receiving feedback, which indicates that it is a one-way communication, managers could not know the potential issues exist. This will increase quality problem when it is already existed but left unsolved until the time when the rejection rates become extremely high.

- Improving internal communication could solve the quality problems in two ways. Firstly, we know that the staff are keen to **communicate with each other**. Thus, while allowing them to work individually without any teamwork, they could become bored easily. Next, while allowing them internal communication, this could mean allow the informal communication without banning. This will give them feelings of **belonging and social cohesion**. In addition, the informal communication can be used to clarify the official message by talking them over with friends.

Sales forecast means predicting the sales level and trend. It is one of the most important part in a market plan, which is a detailed report that sets out the marketing objective and marketing strategies to be achieved.

Importance of Sales forecast

- Sales forecast acts as a **framework for the whole market plan**. This is because, without predicting the sales, it would be difficult for a business to **set the objectives to be achieved** (as it may be unrealistic) and its budgets that is required to complete the plan. So, it avoids them to set too high/too low expectations from the market, and thus miss the opportunity to succeed.

- Sales forecast is **important for the marketing mix and strategy**. Without looking at the potential demand in an area but decides to operate there would be a great risk, as customer may not like your product. So, a sales forecast helps to **reduce the risk of failure**. However, as Sales forecast is based on the past data, if a business is to start a new market which they do not have experience with, then this would then not be useful. Sales forecasts can be very **inaccurate** – especially long-term forecasts and especially for new markets and for fast changing markets or those with unusual customer demands. In this case, using moving average would not be accurate, market research or qualitative method must be used.

- Thus, it seems like we also have to take note on the other factors in the marketing plan as it could be important...

Elements and Importance of Marketing Plan

- **The situational analysis** - Situational analysis will be an important starting point for the business that will then enable sales forecasts to be made. It will help ADP understand its current strengths, existing and potential competitors, consumer tastes and trends, the state of the market that is being entered. This will then inform decisions about the marketing mix that need to be taken in order to achieve the marketing objectives.

- Other elements of marketing plan are important e.g. integrated marketing mix to ensure consistency in message communicated to potential customers and therefore attract sales

- other elements: *refer Question 3 & 4.*

Conclusion

Sales forecast are important, but others are equally important.

9. Evaluate the potential risks and rewards to ABC of market development into new country. [16]

Winter 2017/3/3

Crux of this question: Discussing about marketing development will be insufficient, but international marketing needs to be discussed.

Definition

Market development means selling the existing to a new country. When a product is being sold in a new country, this can also be known as international marketing, where business is selling products to another country's market.

Rewards:

- When market is developed to another country, this helps the business to spread the risk to other countries, preventing failure when there are unstable economic or other external factors that could reduce the competitiveness of business.
- When the older market is already become saturated or there are limitations in its own country, targeting a new market can attract more customers. This is the case when the new market has the targeted market such as young population for milk...
- This may help to gain some advantage when the economic condition in the market a business planned to enter is great. For example, it has high economic growth. OR there is only few competitors.

Risks

- cultural difference – would people accept your products?
- economic difference – such as lower GDP, lower living standards.
- No experience – especially when no agent is used
- legal differences – paying lower wage is legally acceptable?

Evaluation

- More market research is required to allow identification of potential issues of entering the market
- If entering can get more profit, and the rewards is more than the risk, then it will be worth entering the market.

10. Analyse the likely impact of globalisation on ABC. Assume that ABC is planning to expand.

Reference only: Summer 2017/3/2**Definition**

Globalisation means the growing trend towards worldwide markets in goods, labour and capital un restricted by the barriers.

Likely good impact

- When there is globalisation, it will be easier for ABC to expand in other countries. This is because there are lesser barriers including the tariffs (imposed tax on imported goods) and quotas (limit on the physical quantity). This ABC is likely to expand its business to other countries more successfully, because globalisation makes them more competitive, without having to pay for the tax which make their goods become more expensive they would otherwise be. Hence, if their market is already saturated, then globalisation could allow ABC to gain more potential profit.

the customer's needs and wants. When customer knew this, they will **turn around** and go to other competitors, this reduces the sales. Or this **prevents compensation being paid...**

Always remember, as this is only a 10 marks question, no evaluation is needed, which means that you don't need to make a two-sided discussion, discussions on benefits are sufficient.

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Page 43 of 47

cost and sales will be lowered down due to the enter of competitors), but this will also lead to demotivation of workers and managers because they have to achieve something regarded as 'impossible'. In this case, zero budgeting may be useful so that Leff, while considering the budget, should allow the managers to justify their use of cost budget, so that this will reduce the issue of more budget being spent.

Also, we can identify the issue that the budget is made without communication to manager, who is asked to achieve it. When this is the case, it is likely that this will not motivate, but instead, **demotivate** the workers because the budget set may be unrealistic or too far for them to achieve. Budget is set by Leff **without considering the external factors**, which the manager himself may be very familiar with, as seen in the explanation given by him to Leff. Thus, I would recommend the use of delegated budget, where the managers who have better knowledge of local conditions to be given some power to make more realistic budget, so that it is likely to be achieved. Also, since they are in a fast-changing and dynamic market, flexible budgeting could perhaps be used to assist in updating the budget, so that it may be change over the time based on the change in revenue.

Also, we can see the problem that budget is only **focus on short-term**, that is 3 months, so when it only focusses on short-term, this may cause the long-term interest for business being ignored. For instance, setting the cost budget as low as possible could limit the expansion of business in future. So, some consider of long-term is also needed while setting the budget.

The incremental budget used by GR may also promote overspending. As the budget is based on prior period information, when the actual expenses of a department are higher than or equal to the previous period's budget, then the limit for these expenses is increased in the next period's budget. So, even though GR did not spend so much, but they only realized it before the budget period end, this may encourage some managers to overspend their budgets to get a higher budget in the upcoming period regardless of the actual expenses of the department being lower than the budgeted limit.

Extra but not suitable here: Budgets can sometimes create conflict within departmental managers as the manager of every department will want to have the most of these resources. Similarly, budgets may promote a 'blame game' within a business, thus, furthering conflicts within the business.

Nevertheless, setting budgets are still an important and essential activities to control the expenditure within GR. This is because without these figures, it would not be possible to know where the business is or to suggest changes that might be made. It is true that there are some limitations, but these limitations can be overcome by giving more time and thought to preparing budgets, inviting positive and constructive suggestions from subordinates, not relying too heavily on past estimates, seeking help of analysts in predicting future and setting standards capable of being achieved.

The questions under 'finance' chapters always ask questions such as 'calculation interpretation'. To fully understand this part, our team has prepared another note. Take a look on that!