

Managing in a Strategic Business Context

Purpose

Organisations and those responsible for managing them are increasingly subject to environmental turbulence and uncertainty. The external contexts within which businesses, public services and voluntary organisations operate are no longer stable and predictable but increasingly volatile and subject to change.

As a result, managers have to identify, devise and implement appropriate strategies to ensure organisational survival, plan to achieve their goals and objectives and respond to market and contextual uncertainties. Managers also have to take account of the normative values and ethical standards within which organisations and society operate.

The main purpose of these Standards is to ensure that personnel and development professionals are able effectively to identify, examine and analyse the major contexts within which organisations operate and to contribute to the formation of responses which take account of contextual diversity, continuous change and ethical ambiguities. Particularly significant in this respect are developments in the business environment which are directly relevant to personnel and development managers, which require them to respond and about which they are required to advise senior managers. Developments in labour markets and in employment regulation are the main examples.

A further purpose is to arm personnel and development professionals with information and understanding about the business environment more generally, in order to increase their credibility and influence at senior levels of their organisation.

The Standards are partly concerned with contextual factors, such as regulation, that affect the performance infrastructure of organisations and which require compliance on the part of leaders and managers. They also aim to give students knowledge and understanding of developments in the business environment, which provide opportunities for organisations to compete more effectively and/or to provide improved standards of service to customer groups.

In this respect they concern the achievement of performance differentiation.

There is greater emphasis within this module on knowledge and understanding, rather than on skills and competences.

The Standards are divided into nine clusters, although many issues cut across these and draw on ideas or practices that are identified in just one of the nine. For teaching and learning purposes the approximate percentage of time that is recommended should be devoted to each is as follows:

The competitive environment	10 per cent
The technological context	10 per cent
Globalisation	10 per cent
Demographic trends	10 per cent
Social trends	10 per cent
Government policy	10 per cent
Regulation	15 per cent
Developing strategy	15 per cent
Social responsibility and ethics	10 per cent

The competitive environment

These Standards aim to ensure that CIPD graduates are familiar with the major features of a market economy and how organisations gain and subsequently maintain competitive advantage. The ways that organisations successfully respond to changes in markets for goods, services and labour are significant here, as is the role played by financial markets and institutions in the operation of market economies. The ways in which public and voluntary sector organisations interact with markets, and increasingly play an active role in their operation, also form part of these Standards. Developments in labour markets and their significance for organisations are particularly important.

The technological context

CIPD graduates should have a broad grasp of the major technological developments affecting organisations. Information technology, telecommunications and the development of Internet-based activity is the most significant general area of technology with which graduates should be familiar, but other areas are important too, especially insofar as they impact either directly or indirectly on particular industries or organisations. Basic familiarity with developments in the fields of transportation, biotechnology, medicine, energy and robotics is also necessary. Understanding of the actual and potential impact of new technology on employment markets is especially important for personnel and development professionals. The desirability of many technological advances is contested and is often the subject of ethical critiques. These debates also form a part of these Standards.

Globalisation

Another controversial development in the business context, both from a theoretical and a practical perspective, is internationalisation or globalisation. CIPD graduates are expected to have a good grasp of trends in this field and of the major debates that surround them. Of particular significance is the impact of globalisation on employment markets and practices, illustrated by widespread hiring of overseas nationals to fill skilled jobs in the UK and the outsourcing of some organisational functions to other countries. On the institutional side, the major developments of significance are EU-related, their implications for UK employers forming a significant part of these Standards. Graduates should also, however, have some basic understanding of the role played by other major international institutions whose decisions impact on UK organisations.

Demographic trends

The evolution, planned and unplanned, of the size and nature of our working population is a key area which personnel and development professionals need to understand and be in a position to advise their

organisations about. While the focus in these Standards is on the UK, broad familiarity with European and wider global population trends is also necessary. Future projections are significant, especially insofar as they have potential implications for the future supply of labour, the age profile of the workforce, retirement/pensions issues, and markets for goods and services. Government responses to demographic trends and their impact on organisations are critical issues, as are wider public policy debates about population issues.

Social trends

The principal aim of these Standards aim to ensure that CIPD graduates are familiar with social trends that have implications for organisations in general and for employment markets in particular. Changing gender roles are of greatest significance, but CIPD graduates should also be familiar with other major trends such as the growth of consumerism, increased geographic mobility, declines in trade union membership and in political participation and developments in the position of ethnic minorities. Attitudes towards work, marriage and family, religion, morality and government are important. The evolution of our social structure in terms of income distribution, social class and social mobility also have a significance for organisations and their labour markets, as well as being trends which are influenced by employing organisations. Finally, these Standards focus on the major social problems of our age and, in particular, on the role that is played by organisations in contributing to them and their amelioration.

Government policy

Many areas of government activity impact directly and indirectly on organisations and on the activities of personnel and development professionals in particular. These Standards aim to equip CIPD graduates with an understanding of the major debates about government policy, its aims and effectiveness. Familiarity with rival opposition platforms is also important, as is the ability to develop original critiques based on experience and evidence. Economic and employment policy have the clearest direct impact on personnel and development

activities, but any policy area which has a long-term effect on labour markets or on organisational activities is significant. CIPD graduates should be familiar with major developments in education policy, social policy and trade policy, as well as the Government's long-term industrial strategy. Developments at the EU level are also important, as is a broad understanding of alternative approaches pursued around the globe. Finally, CIPD graduates need to be able to advise organisations on how the direction of government can be influenced through lobbying activities, participation in consultation exercises and via the activities of employers' associations.

Regulation

The practical outcome of policy debates is often regulation and sometimes de-regulation. These Standards focus on the major ways in which the state and its agencies regulate organisational activity and the purpose of such regulation. Central are the major principles of employment regulation and the ways in which it is enforced, as these are matters about which personnel and development professionals are required to give advice and which drive much personnel and development policy. The detail of employment law is covered in other sets of Standards, so these only require a broad overview. The major areas are discrimination law, dismissal law, the regulation of employment contracts, health and safety law and regulations aimed at helping people combine their work and family lives. Other areas of regulation have an impact on organisations generally and are thus matters about which CIPD graduates need to have an understanding. Competition and consumer law are the main examples, but regulation of specific sectors will often have a major practical impact on individual organisations. Knowledge of current and future regulation and its practical significance should be combined with the ability to present thoughtful critiques backed up with persuasive evidence. The main contours of the legal system are also covered.

Developing strategy

These Standards focus less on the business context and more on the way in which organisations can develop responses to developments in their environments which are strategic in character. The operationalisation of business strategies are covered in other areas of the Leadership and Management Standards, so the focus here is on the development of strategy and on effective strategic leadership. While organisational strategy in general terms is covered, the emphasis as elsewhere in these Standards is placed on personnel and development strategy, the role of personnel and development professionals in forming strategy and on long-term, considered responses to developments in the personnel and development environment. These Standards require students to engage with theories about strategy and the major different views of strategy formation that are found in the literature. They also focus on the many constraints on the fulfilment or implementation of strategic objectives.

Social responsibility and ethics

The final group of Standards focus on ethics, corporate social responsibility, environmental sustainability and professionalism. To a great extent these cut across the other eight clusters of Standards and should inform students' thinking on technology, globalisation, social trends and regulatory issues. However, aspects can be studied in isolation and students should be able to engage with the major theories and debates in these fields. The ability to reflect on the approaches taken by particular organisations should inform study of these Standards. There is a specific focus on the notion of the organisational stakeholder, on ethical dilemmas and on the conflicts that often arise between the most ethical courses of action and those which suit the interests of the organisation.

Performance indicators

1 The competitive environment

Operational indicators

Practitioners must be able to:

- 1 Review the major current trends in an organisation's employment markets and take appropriate action in response to their short- and long-term implications.
- 2 Analyse the competitive environment of organisations through the use of SWOT, PESTLE and network analyses.
- 3 Advise on the potential contribution of the personnel and development function in situations of intensified competition.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 Major developments in employment and the labour market; their causes and consequences for organisations.
- 2 The concept of competitive advantage and ways in which it is gained and retained in the contemporary business environment.
- 3 Capital markets and the roles played by major financial institutions.
- 4 Contemporary trends and debates about the role of public sector organisations and their operating environments.

Indicative content

- 1 The structure and workings of market economies, determinants of supply and demand, and the major features of the financial system.
- 2 Sources of competitive advantage; different competitive strategies and their implications for personnel and development activity.
- 3 Causes of and responses to intensified competition; economies of scale, mergers and acquisitions.
- 4 The business context for public sector and voluntary organisations.
- 5 Key short- and long-term labour market trends.

2 The technological context

Operational indicators

Practitioners must be able to:

- 1 Identify ways in which technological developments affect the personnel and development function and an organisation's employment markets.
- 2 Contribute positively to the formation of organisational responses to technological change.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 Technological developments and their potential impact on the business environment of organisations.
- 2 The evolution of a knowledge economy and its implications for organisations.
- 3 Likely long-term applications of evolving technologies.
- 4 Debates about the desirability of technological developments in terms of their impact on people and the environment.

Indicative content

- 1 Major current and likely future technological developments in information technology and other fields (examples would include biotechnology, transportation, telecommunications, energy supply, medicine and robotics).
- 2 The direct impact of technology on organisations.
- 3 The impact of technology on markets for goods and services and on employment and labour markets.
- 4 Resistance to the evolution of some new technologies.
- 5 Debates about the increasing significance of knowledge in organisational and economic life.

3 Globalisation

Operational indicators

Practitioners must be able to:

- 1 Assess the likely impact of trends towards globalisation on the particular business sectors and organisations.
- 2 Advise on the role played by international institutions in shaping the business environment.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 Major contemporary debates about globalisation and its consequences.
- 2 The current and likely future evolution of the EU.
- 3 The implications of EU membership for organisations.

Indicative content

- 1 The causes and extent of globalisation processes. Major debates about the significance and desirability of globalisation.
- 2 The response of governmental organisations to globalisation processes.
- 3 The impact of globalisation on markets for goods and services and on employment and labour markets.
- 4 The role and function of the EU and its major institutions. Debates about the evolution of the EU.
- 5 Major international bodies which impact on the business environment of organisations.

4 Demographic trends

Operational indicators

Practitioners must be able to:

- 1 Evaluate the short- and long-term implications of demographic developments for organisations.
- 2 Advise managers on the likely impact of demographic developments for organisations.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 Current and likely future demographic trends in the UK and internationally.
- 2 The reasons for recent patterns of population increases and falls.
- 3 The concept of population ageing and its implications for organisations.

Indicative content

- 1 Patterns of birth and death rates in the UK and globally. Emigration and immigration trends and forecasts.
- 2 The size and make-up of the working population.
- 3 Implications of demographic trends for markets for goods and services and for employment and labour markets.
- 4 Implications of demographic trends for government.
- 5 Debates about responses to demographic trends in the UK and internationally.

5 Social trends

Operational indicators

Practitioners must be able to:

- 1 Report on social trends and their relevance for organisations.
- 2 Advise on the potential role played by employers in creating, exacerbating or ameliorating social problems in the UK and internationally.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 Causes of key social trends and social problems in the UK and internationally.
- 2 Debates about ways of reducing social problems and/or their impact.
- 3 Patterns of change in social attitudes and their significance for organisations.

Indicative content

- 1 Major current social trends; changing social attitudes and the evolving social structure.
- 2 Implications for markets for goods and services and for employment and labour markets.
- 3 Major social problems, debates about causes and possible solutions.
- 4 The role played by organisations in shaping social trends and attitudes.

6 Government policy

Operational indicators

Practitioners must be able to:

- 1 Advise on the impact for organisations of current and future government policy.
- 2 Positively contribute to activities aimed at influencing the direction of government policy.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 The objectives of government and EU policy on trade, industry, education and in the wider social field.
- 2 Critiques of current policy and of rival opposition platforms.
- 3 The current and likely future impact of government policy on organisations.

Indicative content

- 1 Major policy developments and debates in industrial and economic policy, education policy and social policy.
- 2 Implications of developments in these fields for markets for goods and services and for employment and labour markets.
- 3 International variations in government policy.
- 4 The evolution of EU policy in the social, industrial and economic fields.
- 5 The main ways in which organisations seek to influence the development of government policy.

7 Regulation

Operational indicators

Practitioners must be able to:

- 1 Analyse the significance of existing and new regulation for particular industrial sectors and organisations, particularly in the employment field.
- 2 Contribute effectively to debates about organisational responses to existing and new regulatory measures.
- 3 Suggest ways in which an organisation can seek to influence the evolution of its regulatory environment.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 The evolution of governmental and EU regulation of business activity.
- 2 The objectives of new regulation/deregulation
- 3 Debates about the need for and desirability of regulation from an organisational perspective.

Indicative content

- 1 Principles of the laws of contract and tort. Principles of criminal law.
- 2 Competition and consumer law, its aims and impact.
- 3 Major features of and new developments in employment law, its aims and impact.
- 4 The major features of health and safety law, its aims and impact.
- 5 The impact of regulation on particular industrial sectors and labour markets.
- 6 Influencing governmental and regulatory organisations.

8 Developing strategy

Operational indicators

Practitioners must be able to:

- 1 Contribute to the processes of strategy-making and strategic review.
- 2 Lead strategy-making in response to environmental developments which primarily affect personnel and development.
- 3 Advise on effective strategic leadership in response to environmental developments.
- 4 Develop and lead programmes resulting from developments in labour markets, employment regulation and other fields which directly affect people at work.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 Diverse approaches to strategy-making; the concepts of strategic search, choice and implementation.
- 2 The major constraints on an organisation's activities created by its business environment.
- 3 The role played by the personnel and development function in developing organisational strategies.

Indicative content

- 1 Debates about different approaches to strategy-making and their relative merits.
- 2 The major tools and techniques of environmental analysis.
- 3 Major stages in strategy-making from formation to evaluation.
- 4 Internal and external constraints on strategy and how to overcome them.
- 5 The role played by organisations in shaping the corporate environment.
- 6 Debates about effective strategic leadership.

9 Social responsibility and ethics

Operational indicators

Practitioners must be able to:

- 1 Identify and advise on ethical dilemmas faced by organisations.
- 2 Carry out a stakeholder analysis and advise senior management about the impact of decision-making on particular stakeholder groups.

Knowledge indicators

Practitioners must be able to understand, explain and critically evaluate:

- 1 The relevance of business ethics and corporate social responsibility for organisations and managerial decision-making.
- 2 The concept of professionalism and its consequences for an organisation's relationships with stakeholders.
- 3 Environmental sustainability.

Indicative content

- 1 Major debates about corporate ethics.
- 2 Stakeholder theories, accountability and professionalism.
- 3 Corporate social responsibility; ethical responses to developments in the competitive environment.
- 4 Relationships with customers and suppliers; ethical approaches to pricing policy, health and safety, sales and advertising, employment.
- 5 Debates about organisational ethics and the compatibility of social responsibility with business results.