Unit 9: Managing Corporate Responsibility in the Wider Business Environment

Unit code: Y/602/2325

Level 7: BTEC Professional

Credit value: 10

Guided learning hours: 30

Unit aim

This unit provides the learner with an understanding of the effect of legislation and global integration on decisions, policies, processes and activities undertaken by organisations.

Unit introduction

The internationalisation of markets and business activities, increased use of information and communication technology and the impact and consequences of the activities of organisations on many areas of life have meant that organisations need to be more aware of the contexts in which they operate. They have to assume greater responsibility for what they do.

Globalisation has meant that organisations need to understand the implications of operating in international markets and have had to develop their policies accordingly. Membership of economic and political unions requires accommodating the requirements of transnational laws and regulations within organisational policies and procedures.

Corporate governance is concerned with the arrangements for the management of an organisation and the regulation of the relationships between the organisation's different stakeholders.

Good corporate governance enhances organisational activity and the perception of the organisation as a good corporate citizen. Poor corporate governance can result in negative perceptions and, more seriously, can contribute to the failure of an organisation. Consequently, a major focus of corporate governance centres on the accountability of individuals and organisations to their various stakeholders, including the wider community within which they operate. Organisations have to be concerned with the legal, regulatory, ethical, moral, cultural and environmental dimensions of their activities and the effect these activities have on others. Corporate social responsibility ensures organisations incorporate these requirements in their procedures.

By examining corporate responsibility, learners will understand how consideration of the common interest in organisational decision making impacts on the triple bottom line – people, planet and profit – of organisations.

Learning outcomes and assessment criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria determine the standard required to achieve the unit.

On completion of this unit a learner should:

Learning outcomes	Assessment criteria
1 Understand the wider implications and effects of global integration on organisations	1.1 explain the effects of globalisation on national economies 1.2 discuss the influence of international institutions on organisations 1.3 explain the role and responsibility of European Union membership on the workplace
2 Understand the importance of responsible corporate governance in organisations	2.1 explain the importance of responsible corporate governance in organisations 2.2 analyse the regulatory requirements that shape corporate governance 2.3 evaluate the impact of regulatory requirements on corporate stakeholders' interests in an organisation
3 Understand the effects of environmental legislation, directives and guidance on organisations	3.1 discuss the economics of adopting a policy of environmental awareness in organisations 3.2 explain the actions that need to be taken by organisations to maintain the environment 3.3 describe the measures that exist to improve workplace health and safety practice
4 Understand the socio-cultural, ethical and moral issues that affect organisations in the current economic environment	4.1 analyse the responsibilities of organisations to improving workforce welfare 4.2 compare approaches to the management of diversity in organisations 4.3 compare organisational approaches to ensuring positive policies of workforce diversity

Unit content

1 **Understand the wider implications and effects of global integration on organisations**

Global integration: international business environment – PESTLE (political, economic, social, technical, legal, environmental) analysis; market size; economies of scale; multinational corporations; transnational corporations; international institutions – World Trade Organization (WTO), World Bank, International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), The Group of Twenty (G-20); global financial stability; capital investment; emerging economies (tiger economies, BRIC economies); corporate values; corporate social responsibility; fair trade; transfer pricing; outsourcing; developing world production; human rights; child labour; intellectual property (copyrights, trademarks, patents); corruption; pariah states; piracy; counterfeiting; hegemony; cultural imperialism; cultural factors

European Union (EU): role, responsibility, EU legislation; EU directives; EU membership; EU business regulations and their incorporation into national law; EU policies eg agriculture (CAP), business, competition, growth, employment, education, economics and finance, employment, environment, science and technology, regional, welfare; Schengen Agreement; labour movement; monetary union; subsidiarity; enlargement (the most up-to-date legislation and regulations must be used)

2 **Understand the importance of responsible corporate governance in organisations**

Corporate governance: purposes (direction, oversight, accountability); board responsibilities; transparency; disclosure; objectivity; integrity; ethical behaviour; organisational culture; stakeholders' interests; principal/agent; governance controls (internal, external); best governance practice

Regulatory requirements: Cadbury report; Rutteman guidance; Greenbury report; Hampel report; Turnbull report; Higgs report; Smith report; Companies Acts (2004, 2006); the 8th Company Law Directive of the European Union (2006), Sarbanes Oxley Act (2002, US) – impact on domestic business; UK Corporate Governance Code; stock exchange listing requirements; incorporation of legal and regulatory requirements into organisational policies, practice and procedures

3 **Understand the effects of environmental legislation, directives and guidance on organisations**

Environmental issues: ecological and anthropocentric world views; climate change eg Kyoto Protocol, Rio Earth Summit; carbon emissions; biodiversity; environmental degradation; conservation; overpopulation; genetic engineering; resource use; resource depletion; waste; pollution; externalities, public goods, free goods; green accounting; balanced scorecards; corporate responsibilities; health and safety at work; accident prevention; employment contract; employer's duty of care; occupational health

Environmental legislation: EU legislation; UK legislation; environmental protection (air, environmental permitting, land, waste, water, chemicals); noise and nuisance; climate change; energy conservation (the most up-to-date legislation covering these issues must be used)

4 **Understand the socio-cultural, ethical and moral issues that affect organisations in the current economic environment**

Social, *cultural*, *ethical and moral issues*: equal opportunities, diversity; disability; discrimination; racism; harassment; bullying; whistleblowing; privacy; confidentiality (up-to-date legislation covering these issues must be used); workforce profiling; dignity in the workplace; multi-culturalism, stereotyping; labelling; prejudice, glass ceilings; human rights; Citizen's Charter, moral imperatives; value rigidity; empowerment; management styles; work-life balance; childcare provision; professional development; employee participation; ethical standards in business activities (finance, human resources, marketing, dealing with stakeholders); affirmative action; codes of practice; organisational policies; staff training

Delivery

All the learning outcomes in this unit can be delivered flexibly. Formal tutor input could identify some of the theoretical material, but learners can work individually and in groups researching and gathering information about the management of corporate responsibility. No previous knowledge of the management of corporate responsibility is assumed and learners can use work experiences.

Research, investigation, case studies and discussions all offer approaches to learning about the management of corporate responsibility. Using an organisation's senior managers, compliance officers or an appropriate guest speaker could provide practical insight into the management of corporate responsibilities. Up-to-date materials are available on the internet and material on legal and regulatory topics is available from both government agencies and private providers. Current affairs pieces in the press and media will also consider corporate responsibilities in areas such as finance and the environment.

Learners could be introduced to the global context in which organisations operate and the impact that the global economy has on national economies and on the functioning of organisations. Case studies and examples can be used to show how national governments have had to surrender control over various areas of their economies and legal systems to comply with the arrangements they are signed up to. Examination of workplace policies, practices and procedures can show the influence and impact of EU law and directives and there is plenty of explanatory detail available within organisations and from online material produced by the EU.

Presentations could identify the nature and importance of responsible corporate governance. Case studies considering the high-profile problems encountered with failures in financial and environmental controls could indicate the need for effective corporate governance practices. The consequences of governance failures have an impact that is immediate and extensive, but they also lead to changes in the requirements for governance incorporated within legislation.

Research into organisational policies and discussions could identify the role and importance of environmental awareness in a world where sustainability is rising to the top of the political agenda. These issues trickle down and their influence can be seen in areas such as personal welfare and protection. Learners also need to consider the ethical issues that influence organisational policies, practices and procedures in relation to workforce management.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way of planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to the unit and the programme of assignments
Presentation on the impact of globalisation on national economies
Investigation, research and discussion on the influence of international and EU institutions.
Assignment 1: Globalisation
Tutor support and feedback
Presentation on corporate governance
Research and discussion on corporate governance requirements
Discussion of the impact of corporate governance requirements on stakeholders
Assignment 2: Effective Corporate Governance
Tutor support and feedback
Presentation, research and discussion on environmental issues and their impact on organisational procedures
Presentation, research and discussion on cultural, ethical and moral issues and their impact on organisational procedures
Assignment 3: Environmental and Ethical Responsibilities
Tutor support and feedback
Review of unit and programme of assignments

Assessment

For AC1.1, learners need to explain the effects of globalisation on national economies. This will need to include the economic and social dimensions of globalisation. Learners need to adopt a critical stance and use relevant examples to illustrate their points.

For AC 1.2 and 1.3, learners will discuss the influence of international institutions on at least two organisations and explain the role and responsibility of European Union membership on the workplace. Focus needs to be on economic and legal dimensions with examples drawn from specific workplace policies and procedures. AC 1.1, 1.2 and 1.3 can be assessed through a guide illustrating the impact of global trends and patterns on organisational behaviour.

For AC2.1, learners need to explain the importance of corporate governance. The explanation needs to be critical and use examples of the failure of corporate governance to demonstrate the requirement for effective corporate governance practices.

For AC2.2, learners need to use analytical skills to show how legal and regulatory corporate governance requirements have been incorporated into corporate policies and procedures which show organisations are aware of the need to adopt best practice requirements.

For AC2.3, learners need to evaluate the impact of regulatory requirements on stakeholders and their often conflicting and contrasting interests, indicating how a balance can be maintained between these different requirements. For AC 2.1, 2.2 and 2.3, evidence can be in the form of a presentation that informs board members of their responsibilities in respect of governance matters.

For AC 3.1 and 3.2, learners need to discuss the economic impact of adopting environmental policies, explaining the actions that need to be taken to ensure sustainability and minimise environmental impact.

For AC3.3, learners need to describe how employers act to ensure personnel are protected through the adoption of suitable health and safety measures. This is linked to learning outcome 3 as a number of health and safety issues are connected to environmental awareness, such as the handling of hazardous materials.

For AC4.1, learners need to analyse the responsibilities of organisations for improving workplace welfare.

For AC 4.2 and 4.3, learners need to consider how diversity is managed in organisations and compare how organisations use different approaches. Some organisations adopt a more proactive stance by having affirmative action policies to manage diversity and equality of opportunity. The assessment criteria in learning outcomes 3 and 4 can be assessed through a narrative that considers environmental and ethical issues and their relevance to workplace policies and procedures.

It is possible to assess work orally, with learners explaining and describing things to the assessor in discussion, in group work, or a presentation. If oral assessments are used, then the work must be directly attributable to the individual learner. The assessor must provide a signed statement that includes detail of the evidence presented that is aligned to the criteria. The evidence must support achievement of the criteria. If there is sufficient evidence from the oral work, or from observations, to make an assessment decision then the assessment decision needs to be shown.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the criteria in the assessment grid. This is for guidance only and it is recommended that centres either write their own assignments or adapt Pearson assignments to meet local needs and resources.

Assessment criteria covered	Assignment title	Scenario	Assessment method
AC 1.1, 1.2, 1.3	Globalisation	The learner works for a business advisory service that produces guides for local businesses.	Guidance booklet
AC 2.1, 2.2, 2.3	Effective Corporate Governance	The learner is a compliance manager and has been asked to advise new board members of their responsibilities in respect of ensuring effective corporate governance.	Presentation
AC 3.1, 3.2, 3.3, 4.1, 4.2, 4.3	Environmental and Ethical Responsibilities	The learner is a senior manager who has been asked to prepare an article for publication in an in-house journal.	Article

Essential resources

There are no essential resources required for this unit.

Indicative resource materials

Textbooks

Crane A and Matten D – *Business Ethics: Managing Corporate Citizenship and Sustainability in the Age of Globalization, 3rd Edition* (Oxford University Press, 2010) ISBN 0199564337

Mallin C A – *Corporate Governance, 3rd Edition* (Oxford University Press, 2009) ISBN 0199566453

Solomon J – *Corporate Governance and Accountability, 3rd Edition* (John Wiley and
Sons, 2010) ISBN 0470695099

Journals/newspapers

Management Today (Haymarket Business Media)

Professional Manager (Chartered Management Institute)

The Economist (The Economist Newspaper Ltd) has articles on corporate responsibility and governance from time to time

The Times (Times Newspapers Ltd) has a specialist section on human resource related topics that it publishes once a week

Websites

www.businesslink.gov.uk	Business Link
www.europa.eu	The European Union
www.frc.org.uk	The Financial Reporting Council
www.imf.org	The International Monetary Fund
www.netregs.gov.uk	Environmental guidance for small- and medium-sized businesses in the UK
www.oecd.org	The Organisation for Economic Cooperation and Development