



BUSS1000: FUTURE OF BUSINESS

Course Notes

S1 2018

University of Sydney
Sydney Business School

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Lecture 1: Introduction

Program Learning Outcomes:

1. Depth of disciplinary knowledge
2. Critical thinking and problem solving
3. Communication (oral/written)
4. Information literacy
5. Inventiveness
6. Cultural Competence
7. Interdisciplinary effectiveness (Not assessed in BUSS1000)
8. An integrated professional, ethical and personal identity
9. Influence

Structure of course:

Part 1: Theory and Fundamentals (First 5 weeks)

- Who influential business people/scholars.
- Core knowledge

Part 2: Trends, challenges and opportunities (Week 6-10)

- Megatrends, why they are important
- Big banks changing the world

Part 3: 'Solution' toolkit (Week 11-13)

- Entrepreneurship
- Design thinking

Week	List of Topics	Assessments Due
1 5 Mar 2018	Introduction and the future of business	Writing Diagnostic: In tutorial
2 12 Mar 2018	Role of Business in Society [Part 1: Theory & Fundamentals]	
3 19 Mar 2018	Internal Analysis [Part 1: Theory & Fundamentals]	Tutorial participation: Weekly assessment begins
4 26 Mar 2018	External Analysis [Part 1: Theory & Fundamentals]	
Common week 2 Apr to 8 Apr		
5 9 Apr 2018	Strategy [Part 1: Theory & Fundamentals]	
6 16 Apr 2018	Information, communication, and technology [Part 2: Trends, challenges, and opportunities]	Case Study: Monday at 10am
7 23 Apr 2018	Sustainability [Part 2: Trends, challenges, and opportunities]	
8 30 Apr 2018	Evolving workplace [Part 2: Trends, challenges, and opportunities]	
9 7 May 2018	Urbanisation [Part 2: Trends, challenges, and opportunities]	
10 14 May 2018	Emerging and Growing Markets [Part 2: Trends, challenges, and opportunities]	
11 21 May 2018	Design Thinking [Part 3: 'Solution' toolkit]	Team Presentation: Monday at 10am
12 28 May 2018	Entrepreneurship [Part 3: 'Solution' toolkit]	Tutorial participation: Weekly assessment ends
13 4 Jun 2018	Conclusions and your future in business	

Part 1: Theory and Fundamentals

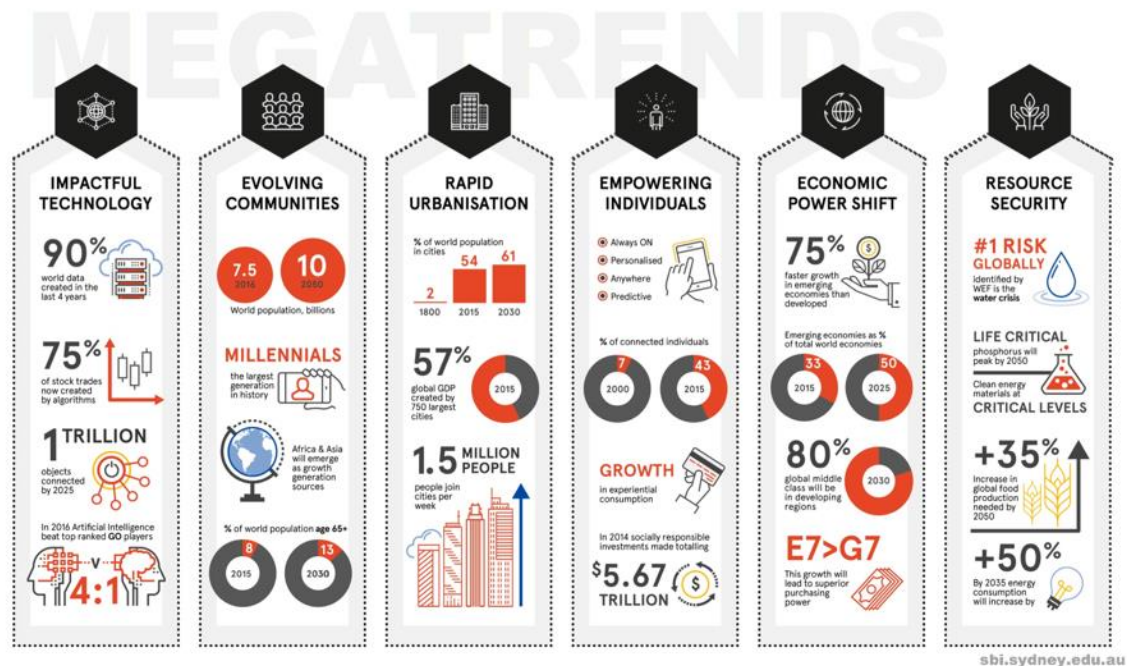
Part 2: Trends, challenges, and opportunities

Part 3: 'Solution' toolkit

What are Megatrends

- Megatrends are large, transformative processes with 'global reach, broad scope, and a fundamental and dramatic impact' ("Introduction," 2017).
- The six specific megatrends that are discussed this year are:
 - o Evolving communities
 - o Rapid urbanisation

- Empowered individuals
- Economic power shift
- Resource security
- Impactful technologies



Wicked Problems

- Complex social and policy problems.
- Term wicked is used to represent the highly resistant to resolution problem.
- Wicked problems are not megatrends rather products of megatrends.
- Examples of wicked problems are:
 - Water/food shortages
 - Youth unemployment
 - Population growth
 - Poverty
 - Climate change
 - Inequality
 - Global security

Lecture 2: Role of Business in Society

Key Terms

- Organisation: “Group of people who work together for a shared purpose.”
- Company: “Organisation that sells goods/services to profit.”
- Corporation: “Large company or groups of companies that is controlled together as a single organisation.”
- Business: “Particular company that buys/sells goods and services.”

Stakeholders

- Stakeholder: An organisation or “a person such as an employee, customer, or citizen who is involved with an organisation, society etc. and therefore has responsibilities towards it and an interest in its success.”
- Stakeholders and stockholders are different.
- Stockholder: “A person who owns shares in a company and therefore gets part of the company’s profits and the right to vote on how the company is controlled.”
- All stockholders are stakeholders, but not vice versa.

Complexity of Stakeholder Identification

- Who counts as a stakeholder?
- Are there multiple layers of stakeholders? (Stakeholders within organisations?)
- How sliced/segmented should stakeholders be?
- Are representatives of stakeholders, stakeholders?
- Are stakeholder’s stakeholders my stakeholders?
- Are competitors stakeholders?



- Competitors may be classified as stakeholders, take for example these above companies. What each company does heavily affects the others; if PlayStation stopped producing Call of Duty, Xbox would monopolise the game...

Mission, Vision and Values

- Important as they explain why the organisation exists
- An understanding of what the leaders want the organisation to become
- Describes an inspiring reality
- Serves as an aid for decision making
- Provides context for all
- Often not all companies have an amalgamation of the following three, not necessarily set out separately.

Mission Statement

- “A short written description of the aims of a business, charity, government department, or public organisation”
- Basically, what the organisation is trying to do.

Vision Statement

- “A statement of what a company or an organisation would like to achieve in the future.”

Values Statement

- “The principle that help you to decide what is right/wrong, and how to act in various situations.”

These three principles are set out to shape the **organisational culture**: “the type of attitudes and agreed ways of working shared by the employees of a company or organisation.”

Role of Business in Society

There are 4 perspectives in relation how a business can orient themselves to the world (purpose of a business):

Profit Maximisation

- Simply to make as much money without breaking any rules/laws.

Limitations of Profit Maximisation

- Throughout time there has been an increasing dissatisfaction about this perspective; namely through human’s impact on the world:
 - o Global warming
 - o Ozone depletion
 - o Oil Spills
- Organisation’s impact on the lives of individuals:
 - o Great Smog of 1952
 - o Bhopal Disasters in 1984

Corporate Social Responsibility

- Increasing societal pressure for organisations to think beyond their bottom line (making lots of money).
- “CSR as actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams & Siegel, 2001, p 117)
- “Giving back” may be in the form of:
 - o Donations
 - o Sponsorships
 - o Funding community projects

Limitations of CSR

- What counts? How do we choose which charities to support for example? If we give to a charity and they give to something else that supports a war...
- How much money do we give?
- Who decides?

For organisations specifically

- Ethics and legality of spending shareholders’ money on ventures unrelated to organisation’s profitability and performance?
- Where does CSR turn into poor financial management?

Creating Shared Value

- “The purpose of the corporation must be redefined as creating shared value, not just profit per se. This will drive the next wave of innovation and productivity growth in the global economy. It will also reshape capitalism and its relationship to society.” (Porter & Kramer, 2011, p 2)
- To be considered CSV, it must benefit the organisation and another stakeholder.
- Three ways in engaging CSV:
 - o Driving mutually beneficial change
 - o Reconceiving products and markets
 - o Local cluster development

Example of CSV: Transforming Procurement

- GE
- Ecomagination program: investing in socially responsible machine.
- Weetbix and sick children

Critiques of CSV

- CSV trashes CSR and uses a straw man argument – there isn’t much of a difference in the eyes of many scholars
- Ignores tensions
- Moving beyond tradeoffs
- Win-win
- Greenwashing: making unsustainable/misleading claim about the environmental benefits of the product
- Naivety around compliance
- Assumes people will comply with law and ethical standards
- Who decides
- Does not address capitalism

Social Entrepreneurship/Enterprises

- “Established to respond to unmet social needs through business-like and innovation means.”
- Can be profit or non-profit
- More sustainable earned income strategies
- Use of business as a vehicle and way of thinking
- Type of entrepreneurship that is distinguished by three key factors:
 - o Sociality: dominant social mission – addressing social problems such as reducing market externalities, gender empowerment, market voids and so on.
 - o Innovation: creative destruction, resourcefulness, changing institution, reconfiguring needs/wants/demands.
 - o Market Orientation: performance, impactful measurement, stakeholder not just shareholder strong values, market failure.

Example of SE: Honey Care Africa

- NGO provides beehives through loan finance and trains rural farmers
- Farmers sell to private enterprise selling fair trade EU market
- Proceeds return to NGO to pay off hives and buy new ones to scale program
- Pioneering SE and fair trade before it was popularised

Critiques of SE

- Who's unmet social needs?
- How can existing organisations engage in SE?
- Can all enterprises that deliver social service to be considered social entrepreneurship?
- Is SE found in the process or output?
 - o Does it matter?
- What counts and who decides?



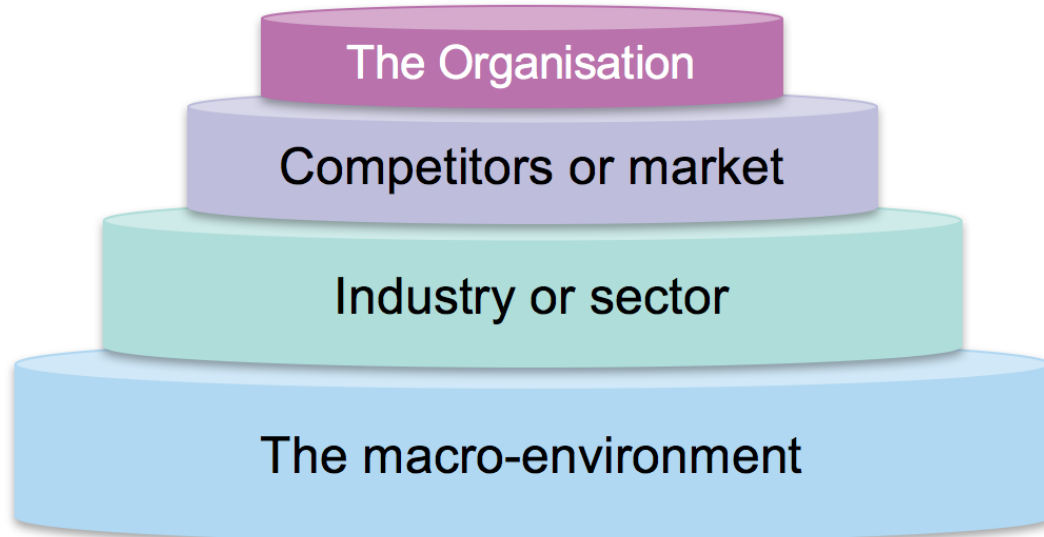
Lecture 3: Internal Analysis

- Talking about ways of conceptualising and understanding the internal environment on an organisation.

Layers, Levels and Environment

Layers of the Business Environment

- They are layers because they are built on one another
- They are interdependent: what happens in one affects another



The Macro-Environment

Highest level layer, factors identified in this layer impact all organisations to some degree. When people talk about the macro-environment they usually mean the country. For example, if there is a new law, or a fluctuating dollar or a drop of exchange rate. This will affect ALL organisations, industries, companies and so on.

Industry (or Sector)

Constitute all organisations that produce the same products or service

Competitors

Layer closest to the organisation, in an industry or sector, some organisations will be competing closer than others. For example, Nike and LV, although they both make shoes they are not competing against each other per say.

The Organisation

The organisation itself

Lecture Example: Starbucks



The Value Chain

- A conceptual framework that helps us understand the process by which an organisation takes input, adds value and produces output.
- Map out organisations process and identify opportunities to increase value.
- There are two core parts of this:

Primary Activities

- Includes:
 - o Inbound logistics: Basically, the physical process of taking inventory; someone arriving with coffee beans and pastries in the morning.
 - o Operations: Process of day-to-day operations. For example, making a coffee, frothing of the milk and selling it.
 - o Outbound logistics: Goods leaving the store, for example the coffee being given to the customer.
 - o Sales/marketing: Advertising
 - o Service: Person at the counter asking what you would like.
- Note however, that some activities can fall into more than one of the above categories. For example, the staff calling out the name of the person, that is outbound logistics and service.

Support Activities

- Includes: Firm infrastructure, human resource management, technology development, and procurement



- However, this is not to suggest that primary activities are more/less important to the success of the organisation than support activities

Critiques of the Value Chain

- By nature, it can deceive us into seeing an organisation as linear: input → value add → output
- Lends itself most easily to manufacturing of goods
- “It was created in a time when being big and having scale was in itself a key aspect to competitive advantage and profitability.” (Merchant, 2012)
- Hard to translate to smaller, more nimble organisations
- Does not distinguish generic and distinct goods
- Lacks fourth dimension: time
- This model does not get used very often as it’s hard to properly employ

Resource Based View

- “The resource based view (RBV) asserts that certain characteristics will lead to a substantial comparative advantage. All traits are required to be present in order to result in a comparative advantage.” (Black and Boal, 1994, p.131)
- The VRIO is such an example.

Ducker on Strength

- “One only gets paid for strength, and not weakness...” (Ducker in Grant, 2016)
- “...The questioning, therefore, is first;
- What are our **specific** strengths?
- And then: Are they the **right** strengths?
- Are the strengths that **fit the opportunities tomorrow**, or are they the strengths that fitted those yesterday?
- Are we deploying our strengths where **opportunities no longer are**, or perhaps, never were?
- And finally, what **additional strengths** do we have to acquire?