

Business studies case study extended response essay sample

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Operations refers to the business function that involves the transformation of a businesses inputs into outputs that satisfy consumer needs and wants.

Operations management is influenced by a range of factors from the external business environment that are out of the businesses control. These influences include globalisation, technology, quality expectations, cost-based competition, government policies, legal regulation, environmental sustainability and corporation social responsibility and can pose opportunities or threats to the business. Examples of businesses that demonstrate an understanding of these influences and are able to use this understanding to contribute to business success include Qantas, Nike, McDonalds and Jack Daniels.

There are a number of ways to measure business success. Business success can relate to operational success including efficiency, quality of product/service and customer service, financially including profit maximisation and market-based success including high market share and a strong customer loyalty.

Globalisation:

Globalisation refers to the removal of barriers of trade between nations.

McDonalds now operating in over 100 different countries have felt the need to adapt their menus to reflect the different tastes and local traditions for every country in which they have restaurants. In India beef is strictly off limits resulting in McDonalds only offering chicken and veggie style burgers.

Despite introducing new processes to the business operations and reducing economies of scale, entering the global market has increased McDonalds potential customer base and has resulted in worldwide strong global brand
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whereby consumer's feel a sense of confidence that they can trust McDonalds products wherever they are.

Technology:

Technology refers to use of machinery and other innovative devices that enable businesses to undertake the transformation process more effectively and efficiently. Qantas have taken advantage of new models of planes that have a greater capacity and are more efficient such as the new A380 Airbus generates half the noise, uses less fuel and carries up to 900 passengers which is much more than the 747. Development of in-flight entertainment systems and seating have made travel more comfortable and consequently entice to customers to select Qantas over competing airlines. Therefore through Qantas use of technology they have managed to reduce costs and improve profitability as well as enticing consumers to choose Qantas over competitors through improved comfort.

Quality Expectations:

Quality expectations refers to the inherited belief of customers in what the quality standards should be for goods or services. Jack Daniels guaranteeing a high quality whiskey product has incorporated numerous stages to the production of their whiskey to ensure that quality standards are met. They have employed a biochemist (human resources) to ensure that the yeast microorganisms are healthy before proceeding to the next stages of production. They also sacrifice large amounts of time to ensure that quality is met. For example, the coal mellowing process involves the whiskey slowly dripping through 10 feet of coal to purify the flavours. They also have also

have a taste tester of each batch of whiskey (quality controls) to ensure that each batch is up to standard. These quality controls ensure that Jack Daniel's whiskey is of the highest quality and gives the business a competitive advantage within the whiskey market.

Cost-based Competition:

Cost-based competition refers to businesses applying strategies to create cost advantages over competitors. Nike being one of the world's largest shoe manufacturing companies has turned to cheap labour in order to reduce costs and maximise profits to remain a significant competitor in the shoe industry. Nike has outsourced their manufacturing in developing countries such as China and Vietnam where the working standards are wages are extremely poor. These manufacturing plants are better known as sweat shops and Nike has been criticized for these actions however the company still remains successful despite these immoral processes.

Government Policies:

Government policies are the political and legal regulations imposed by Government on businesses that directly affect the management of key business functions. The Federal Government's Fair Work Act has resulted in Qantas having to increase their employee's wages and salaries and overall operating costs. Due to increased operating costs, Qantas now seeks expense minimisation strategies including outsourcing their maintenance, using more efficient aircrafts and replacing some international flights with Jetstar in order to remain a substantial competitor in the airline industry.

Legal Regulation:

Legal regulation refers to the laws and regulations imposed on business that directly affect the management of key business functions. BHP Billiton is one of the worlds largest mining companies who excavate coal and other minerals. Legal regulations in relation to the Work Health and Safety Act 2012 and the Environment Protection and Biodiversity Conservation Act 1999 have meant that BHP have had to purchase safety equipment such as hard hats and safety vests for anyone who goes into the mines. They also need to ensure that employees are given appropriate training machines and are aware of emergency procedures. They also need to minimise the negative effects their operations have on the environment such as pollution to local residential areas, natural habitats etc. By complying with the laws and regulations imposed, BHP Billiton avoid fines and penalties associated with incompliance which ultimately allows the business to maximise their profits.

Environmental Sustainability:

Environmental sustainability refers to the awareness of the business operations effect on the environment and the implementation of practices to consume resources today without diminishing access to those resources for future generations. Ben & Jerry's have demonstrated environmental sustainability through their packaging, waste and energy usage. Ben & Jerry's packaging is made from 90% renewable stock paper, they convert their ice-cream waste into energy through a bio-gas digester and use a new generation of freezing cabinets (hydrocarbon freezers) which require gases with more environmentally friendly by-products. By demonstrating

environmental sustainability, customers may be more inclined to purchase Ben & Jerry's products over competitors in the ice-cream industry which will increase profits, market share and give the company a positive image.

Corporate Social Responsibility:

Corporate social responsibility involves businesses demonstrating environmental sustainability as well as social responsibility. Qantas demonstrates corporate social responsibility through their health surveillance program, which continually monitors workplace conditions to ensure that employees are being treated with dignity and respect. They also respect cultural diversity through their Reconciliation Action Plan, which focuses on employing Indigenous Australians. On the other hand environmentally and socially, they recycle all water used to clean the aircrafts and donate millions to charitable organisations. Due to this positive behaviour demonstrating corporate social responsibility, customers may be more inclined to choose Qantas over competing airlines irrespective of prices and this will consequently increase Qantas' profits, market share and brand image.

Therefore through the aforementioned analysis of case study examples such as McDonalds, Nike, Qantas etc. it is evident that an understanding of the influences on operations can contribute to business success whether that be maximising profits, increasing market share or attaining a positive and reputable brand image.