

# Business environment unit 1 task 1 assignment

[Sociology](#)



Unit 1: Business Environment Assignment 1 Understanding the Purpose of Business of Marks and Spencer PLC Introduction This assignment will focus on identifying the mission, values and key objectives of Marks and Spencer PLC and also assess the influences of three of their stakeholders. It will also explain the responsibilities of the organisation and the strategies employed to meet them, overall showing a general understanding of the purpose of business of Marks and Spencer. Categories of Organisation

Marks and Spencer plc is a public limited company this means that they trade on stock markets such as the London stock exchange, and provide an annual report highlighting the company's financial performance. Being on the London stock exchange allows the public and businesses to monitor the company's current share prices and performance and allows them to purchase shares in the company and potentially benefit from dividends; a share of the company's profits and the end of their financial year, and be involved in future and current plans that Marks and Spencer wish to fulfill.

Marks and Spencer is part of the tertiary sector so their way of business revolves around delivering/providing products and services to the customer. The Mission, Value and Key Objectives of Marks and Spencer's Marks and Spencer is sums up their goals and objectives into one small statement " To make aspirational quality accessible to all" this mission is a statement that the public/stakeholders uses to identify Marks and Spencer's as a company, and get a overall idea of its continuing plan and what it wishes to accomplish as an organisation.

The values that Marks and Spencer aim to achieve is summed up in 5 simply words ' Quality, value, service, innovation and trust" these words are incorporated into everything at Marks and Spencer do on a day to day basis, and keeping to these ethical standards may restrict them from working alongside a supplier, if a supplier were offering poor quality produce for a cheaper price, Marks and Spencer would be obliged to decline. The main objectives for Marks and Spencer is to be profitable as a company via sales of their products and service, Marks and Spencer has over 450 in 30 different countries and they are continuing to grow as a company.

As a company they control 3.9% of the UK market share for food, to influence growth Marks and Spencer's between 2010-2013 aims to have a store within 30minutes to 95% of the population. This is done by pumping capital into the opening of new stores, in order to receive a return on the capital employed. Return on the initial investment is obtained by through sales of products and services in Marks and Spencer's stores, once the store begins being profitably a return maybe seen.

A high level of service must be shown to the customer to influence high customer satisfaction; this is important to retain customers and increase spending in Mark and Spencer stores and help the growth of sales and profits. The Influences of Stakeholders Stakeholders are a very important part to the start and progression/growth of Marks and Spencer, and also have a continuous affects on the running of the organisation and general operations of Marks and Spencer.

Stakeholders such as suppliers provide the goods to the stores so they can operate and sell to the customer, suppliers are expected to be paid to influence future business. Employees and owners play a huge part in the operation and success of Marks and Spencer and how the company functions, as they are employed by them and dedicate part of their lives to work as managers, check out staff, cleaners, supervisors, all of which assist in keeping the company successful so that they can maintain and income.

Stakeholders like banks/creditors may help finance future plans that Marks and Spencer aspire to achieve, the creditor would be the financial stability that Marks and Spencer will need to make their goal successful. Whether Marks and Spencer are interested in a mortgage to purchase property or a loan to purchase fixture and fitting or put toward general development or overdraft facilities for odd costs. Any finance option that they choose to use, interest will need to be paid on top, e. g. 25% interest on a 10, 000 loan = ? 10, 000 payable + ? , 500 interest is the charge for having the loan, which makes the total payable ? 12, 500 to the creditor. Another factor is also secured and unsecured the term given if the money borrowed is secured against a physical thing like property, this can be extra security for the finance company to ensure that a loss is not made, if a person has no or limited history of credit. Marks and Spencer can be a creditor in the sense that they provide finance options to their customers on goods and services. The customer would then be referred to as a debtor because they owe ? to Marks and Spencer, It can be risky because Marks and Spencer can suffer a loss if the customer/debtor cannot afford to pay the balance back. Although

can be a lucrative for Marks and Spencer because the customer will need to pay interest on the items taken on credit. The Central government has a big influence on the operations and way of business that Marks and Spencer chooses to adopt, because of the legislation that Marks and Spencer must keep up to date and also put into to practice for example to maintain safe, legal, fair way of business etc.

There are also issues in today's economy with the rise in inflation and rise in VAT, just purchasing your weekly shopping is increasingly becoming more expensive and these current issues affect Marks and Spencer. Marks and Spencer are also subject to pay corporate tax to the government on earning made through the sale of goods and service. Local authorities have a duty to provide services such as waste collection and street cleaning at a price to the company in the form of council tax.

If these services were not provided then there this would lead to unhygienic conditions and may violate health and safety laws. Marks and Spencer staff are able to join trade unions; trade unions are there to protect the interest of the company staff. Trade unions can have an influence on Marks and Spencer management and owner, to stop them from making redundancies or dismissals unfairly, or if they decide to change terming in contract or anything that have an adverse affect on all staff that is part of a trade union.

A trade union can work together with Marks and Spencer to resolve issues. Marks and Spencer may resist from any changes were it may cause disputes with employees, to avoid any unnecessary or potential financial loss to them. This loss can be made because staff may decide to strike. Achieving the

Objective of Three Stakeholders Customers I believe that customers are the one of the most important stakeholders for Marks and Spencer's. The customer expects to be welcomed into a clean and well presented shopping area, this influences them to spend money and makes them feel at ease.

Although cleaning must be performed at an appropriate time to avoid congestion in shopping aisles, and also with regard to health and safety policy. Having noise machine and staff cleaning while customers are shopping can make them feel uncomfortable and ruin their shopping experience. Marks and Spencer must also abide by health and safety law, for example in the event of a spillage quick cleans can be performed in order to maintain good safety practice to prevent accidents from happening.

Shareholders

Shareholders share a common interest in the success of Marks and Spencer, they hope for the company to have increasing performance year after year to influence the shareholders dividend payment. In the event of poor performance share prices and dividend payment may decrease.

Shareholders have the choice whether to decline a dividend payment, their funds will then be reinvested into Marks and Spencer's plans, or if performance decreased then the reinvestment could help protect future earnings for current shareholders. Employees Employees expect to be treated fairly and with respect.

In some cases management use their authority to their advantage and treat 1 or many employees unfairly, this can have adverse affects on employees, as well as the reputation of Marks and Spencer. Management/owners must

follow legislation (Equality Act 2010) carefully in order to prevent any issues or discrimination against employees. Management should have continuous training in order to maintain their knowledge in handling disputed and the appropriate way to manage and treat their staff; this influences good ethical practice in the workplace.

The Responsibilities of Marks and Spencer's Marks and Spencer have a duty to protect the interests of its stakeholders and all stakeholders and employees have a common interest that Marks and Spencer grows and remains successful, although there can be conflicts of interest e. g. Marks and Spencer have a very profitable year and decide to open a new store close to a large community the disruption in traffic and noise pollution may make it distressing for the community.

Marks and Spencer has over 70, 000+ employees all of which are shareholders in the company so they benefit from wage increases and dividend payments. If Marks and Spencer staff were to then have wage increases this may affect dividend payments to other external shareholders. Stakeholders with larger influence to Marks and Spencer such as customers, government/ local authority and owners are regarded as key people in the survival of the organisation so it is important to keep them informed, people that have least influence on strategies won't be priority.

Marks and Spencer must focus on satisfying all their stakeholders' objectives. For employees as shareholders Marks and Spencer satisfies their objectives by pay rises, dividend payments, involvement in future goals and decisions, ability to progress into other more superior roles in the workplace

and also achievement recognition. Consumer legislation is put to ensure that Marks and Spencer and other business are fair to their customer. Consumer legislation such as Consumer Protection Act 1987 - Outlines that businesses should be fair to their customers.

Sale of Good Act - States that all products must meet a standard of quality before being sold to the consumer Trade Description Act: Products must perform to the standard as they have been advertised Consumer Credit Act - Protects the customer when they are borrowing funds or are purchasing on credit Marks and Spencer use this legislation in all their day to day activities to ensure that their company is performing at a legal level. Employee legislation is put in place to protect employees in any workplace.

Marks and Spencer must provide a safe and health working environment, free from discrimination. All employees should be entitled to equal opportunities this included a fair chance of obtaining a specific job a chance for promotion or further training. Marks and Spencer must use legislation such as Equal Pay Act 1970 - Employees in equal roles must be paid the same regardless of gender Health and Safety act 1974 - Employees must be able to work in a safe and hygienic working environment Sex Discriminations act 1975 - Employees can't be discriminated against in training, recruitment or employment Employment Protection act 1978 - Employers must provide employees a contract of employment within 2 months of employment outlining their terms and conditions and must not dismiss employees unfairly and to pay employees redundancy after they have served the company for 2 or more years etc Marks and Spencer Human Resources department must be aware of all legislation regarding employee right and they must be

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implemented on a day to day basis. Human resources are key team players in the implementation of policies. Environmental Issues Fair Trade

Fair trading has been a topic for a many years now and the purpose of fair trading is to provide farmers with a fair price for the good sold, an ethical practice of fair trading is most common in under developed parts of the world, and parts that are able to produce tropical fruits and vegetables due to their warm climate. The UK public sore this as an issue due to the mass coverage on the UK news that international suppliers were being paid unfairly; this became an ethic issue to a large number of UK organisations and a responsibility to change.

Marks and Spencer have set new principles of ethical trade, promising to provide a fair price to all their suppliers as well as developing a long term relationship with them. Marks and Spencer has incorporated their fair trade ethic in to their Plan A commitment (A 180 point commitment aimed to be fulfilled by 2015), as well as helping development for their suppliers and their local community. Global Warming

Mark and Spencer's have made this issue a priority to address, and have aimed to make their stores, offices, warehouses, business travel and logistics carbon neutral by 2012, meaning they aim to admit 0% carbon dioxide waste into the atmosphere. Marks and Spencer aims to use greener energy methods to accomplish this for example using electricity, gas and bio diesel as fuel for their company cars and lorries, using recycled products, as well as recycling as a company, using renewable sources of energy such as wind, water (HEP), solar power.

Conclusion Marks and Spencer's mission and values is key to help keep the organisation in check and also help the customer understand what Marks and Spencer's is about. The influences to the stakeholder may not always be seen to the general public, but it plays an important role when people want to understand how the company operates and the influences and constraints they have, and responsibilities they aim to fulfil.

And ultimately how they continue to survive and remain profitable.

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