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Steve Crossman
CEO The ExP Group

“Hello”

Thank you for downloading a copy of these ExPress notes and I hope you find them useful for your studies.

We provide these ExPress notes free of charge to individual students as part of our CSR initiatives. The notes are designed to help students assimilate and understand the most important areas for the exam as quickly as possible.

A word of warning though in that they have not been designed to cover everything in the syllabus so you should only use these notes for either an overview of the key areas before you start your main studies or as part of your final revision in the run up to your exams.

Importantly though, we want you to be successful in your exams so good luck with your studies and please do let us know how you get on.

All the best,

Steve

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About The ExP Group www.theexpgroup.com

We were born with one passion, with one aim, with one desire. To use technology the way it should be used. To use technology to open up education, and in particular financial education, to whoever needs it regardless of their income, wealth, race, sex, religion or location.

We wanted to use technology to empower individuals to develop themselves through financial expertise, organisations to improve their performance through enhanced human capital and ultimately communities and families to benefit as a result.

We're on target and since our birth we have had the privilege of working with and learning from inspirational individuals and organisations from all 4 corners of the world in countries as varied as the UK in the north, Singapore in the east, South Africa in the south and the Cayman Islands in the west.

We're only part way through our journey but we're doing better than we expected. The best is yet to come though,

Education + Technology = Ethical Empowerment.

Thank you for being part of our story.



The Business Organisation and its Structure

START - The Big Picture

This chapter introduces us to a variety of different types of organisations along with various corporate structures.

KEY KNOWLEDGE - Types of Organisation

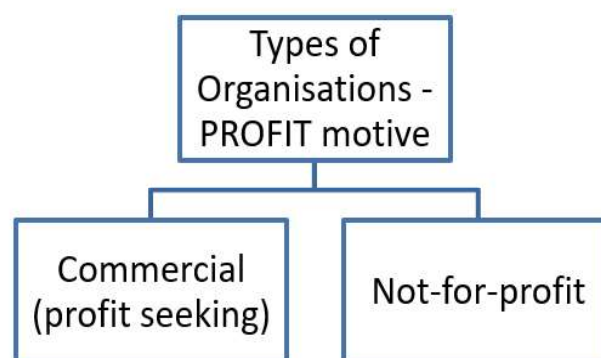
The Business Organisation and its structure

An organization is a social arrangement which aims for collective goals. It controls its performance and is separate from its environment.

Benefits of an organisation include:

- shared expertise
- pooling of resources

Organisations can be classified by either their profit motive or their ownership.

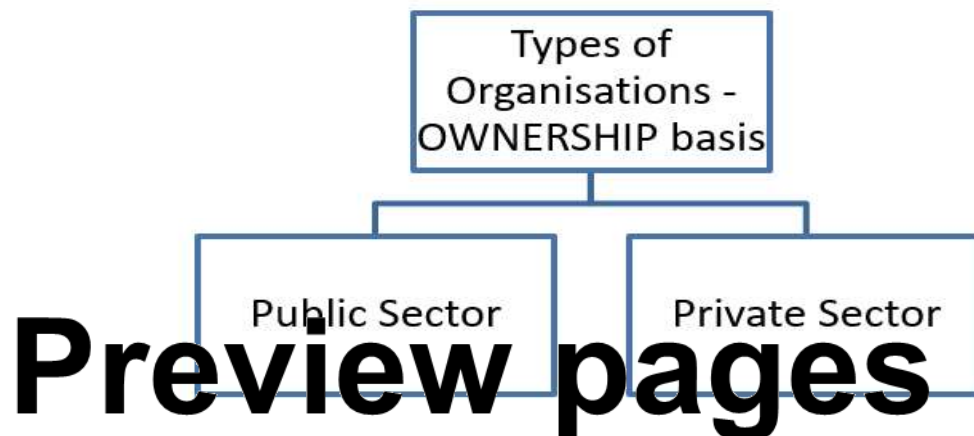


Commercial (profit seeking)

- quoted companies
- private companies
- partnerships

Not-for-profit

- charities
- NGOs
- Clubs / societies



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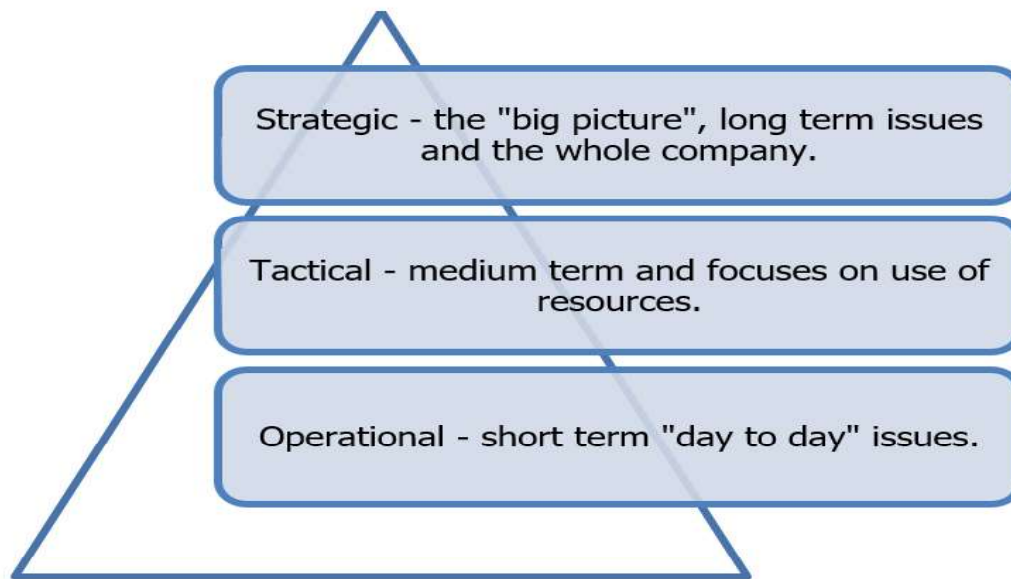
- Basic healthcare
- Public transport/roads
- Police, military
- Primary Education

- Not controlled by the government

KEY KNOWLEDGE - Levels of planning within an organisation

Strategic Planning comprises three main stages:





KEY KNOWLEDGE - Marketing

The Chartered Institute of Marketing defines marketing as "The management process responsible for identifying, anticipating and satisfying customer requirements profitably".

A core concept behind marketing is the marketing mix, which represents controllable variables and is commonly known as the 4Ps.

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Product – Price – Place - Promotion

Organisations can adjust these variables to target various segments of the population

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1. Entrepreneurial



Advantages include:

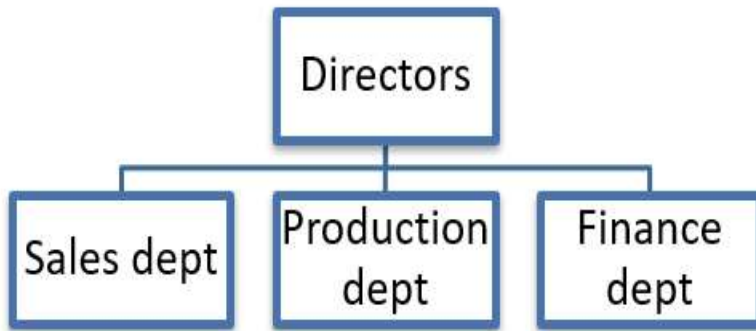
- + quick to react
- + close to workers

Disadvantages include:

- Relies on one person
- Difficult to grow above a certain size

2. Functional

Often found when an organisation grows out of the entrepreneurial stage. Based around functions of a business. For example,



Advantages include:

- + allows growth
- + enables standardization / specialisation

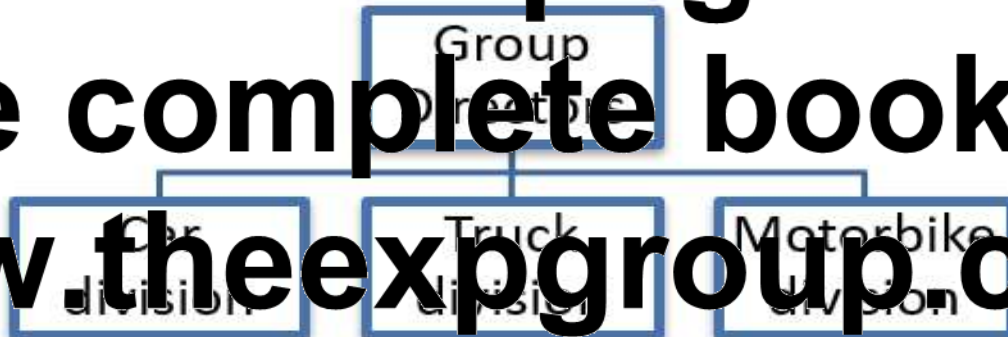
Disadvantages include:

- Can be slow
- Could be conflict between departments

3. Divisional

Based around divisions of a business. Could be either Product Divisions or Geographic Divisions.

Example of a divisional structure for a vehicle manufacturing company:



Example of a divisional structure for a company based on geographic area:



4. Matrix Structure

Dual reporting by an individual to for example, the country manager and head office sales director.

5. Boundaryless Structure

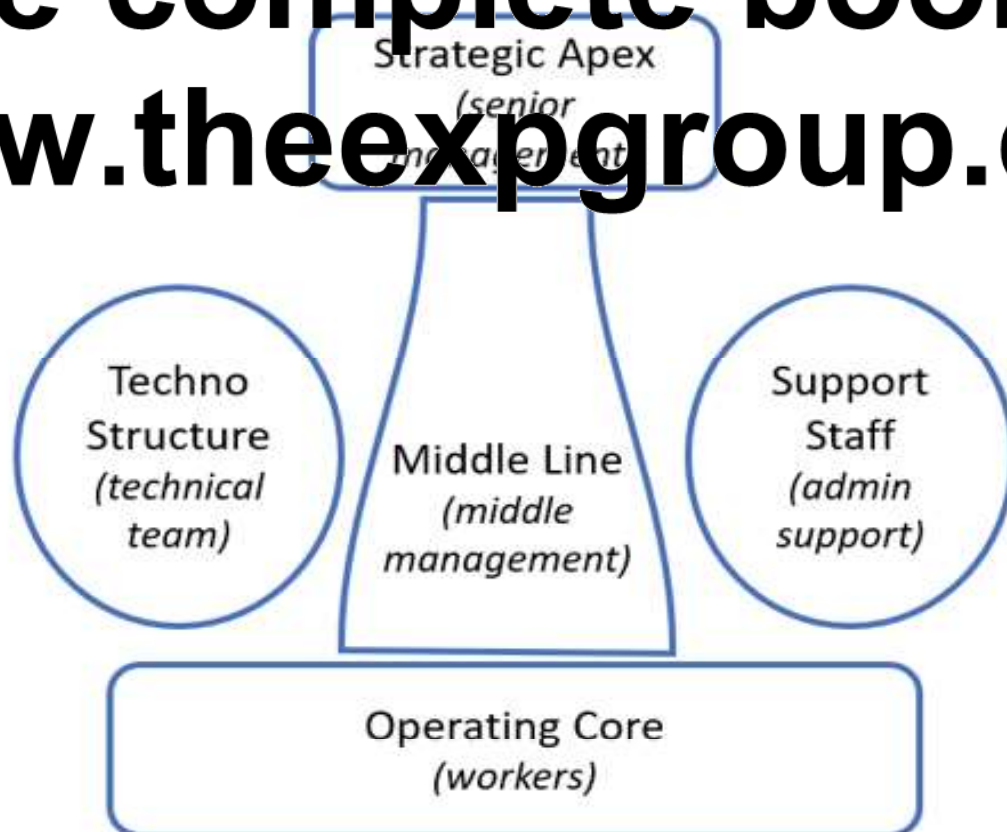
This is a relatively modern approach which has been driven by the increasing availability of outsourcing. Two examples of the Boundaryless structure are:

Hollow organisations - outsource non-core activities

Virtual organisations - outsource the majority of activities

6. Mintzberg's Organigrams

Henry Mintzberg argued there were 5 building blocks in an organisation structure. Any of these blocks could dominate in a structure

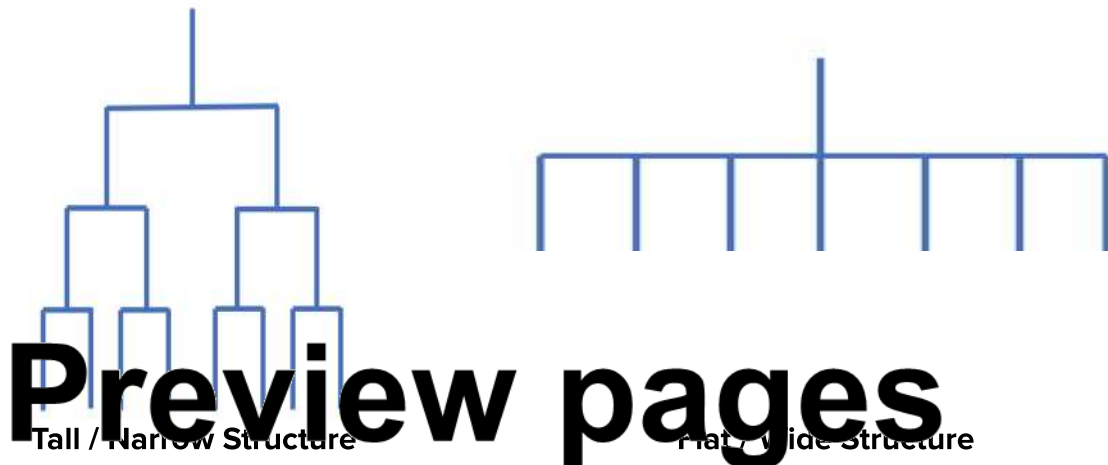


KEY KNOWLEDGE - Span of Control / Scalar Chain

Span of Control: the number of people that an individual “controls”. i.e. whom he is directly responsible for.

Scalar Chain: the number of “links” in the chain of command from top to bottom of an organisation.

When span of control and scalar chain are combined they can create either a tall or flat organisation structure.



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KEY KNOWLEDGE - Centralisation / Decentralisation

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This refers to where decisions are made

Centralised – decisions are made “centrally” (e.g. within the head office)

Decentralised – decisions are made away from the centre (e.g. lower down the hierarchy)

Advantages of Centralised include:

- Ensures goal congruence
- Experienced in making decisions
- Could attract economies of scale

Disadvantages of Centralised include:

- Lack of local knowledge
- Could be slow in making a decision
- Reduce motivation in “decentralized staff”

Advantages / disadvantages of decentralized would generally be the opposite to those found within a centralised organisation.

KEY KNOWLEDGE - Formal and informal business organisation

As well as formal structure issues mentioned above there are also informal ones which will develop over time. An example is an informal network of friends or support within a company.