

Corporate influences

2017-18

INFLUENCES ON BUSINESS DECISIONS

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- ▶ **Business ethics:**

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- ▶ Short-term impact: e.g., 12 months

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 - ▶ Arrange more short-term contracts
 - ▶ Pursue external growth rather than organic growth

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 - ▶ short-termism might threaten *long-term profitability*
 - ▶ loss of *competitive edge*
 - ▶ quarterly financial reports force managers to focus on short-term
 - ▶ short-term contracts → sends out wrong message

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- ▶ new product development
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- ▶ build up loyalty
- ▶ use long-term contracts (e.g., suppliers, staff, ...)

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- ▶ *Evidence-based* decision making:
systematic/rational approach
researching/analysing data

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- ▶ *Evidence-based* decision making:
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personal opinions influence course of action

EVIDENCE-BASED DECISION MAKING

- ▶ Identifying objectives

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- ▶ Communication

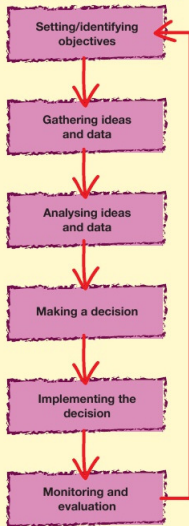
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- ▶ Identifying objectives
- ▶ Collecting information and ideas
- ▶ Analysing information and ideas
- ▶ Making a decision
- ▶ Communication
- ▶ Outcome
- ▶ Evaluate the results

An evidence-based approach to decision making



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- ▶ if decisions have to be taken *quickly*

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- ▶ **Evidence-based decision making:** an approach to decision making that involves gathering information and using a systematic and rational approach to reach a conclusion.
- ▶ **Long term:** the time period where decisions have an impact on the vision, mission and objectives of a business – typically longer than five years.

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- ▶ **Strategic decisions:** decisions concerning policy that can have a long-term impact on a business. Can be risky.
- ▶ **Subjective decision making:** an approach to decision making where the personal opinions of the key decision maker strongly influence the course of action chosen

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- ▶ **Stock market:** A market for second-hand shares
- ▶ **Stock market flotation or initial public offering (IPO):** The process of a company 'going public' making shares available to the public for the first time

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- ▶ **Opportunity cost:** When choosing between different alternatives, the opportunity cost is the benefit lost from the next best alternative to the one that has been chosen
- ▶ **Trade-offs:** In business, where a decision-maker faces a compromise between two different alternatives; for example, between paying dividends to shareholders and re-investing profits in the business