

Environmental Factors

Evaluate whether or not it is good for the business to have such ethical policies

Advantages:

- ✓ **Benefit from improved worker morale** → concern for employees, with need for safe working environment / fair pay and treatment → less absenteeism / lower labour turnover
- ✓ **Showing concern for producers, in third world countries / fair trade** → important for the image of the business / marketing or commercial reasons → leading to increased sales with those that share concerns
- ✓ **Consumer pressures** → as they become more aware of ethical issues → more likely to recommend business → all important for the image of business → leads to increased sales
- ✓ **Pressure groups** → less likely to give unfavourable attention to businesses who follow ethical principles
- ✓ **Premium prices for ethical products** → increased revenue
- ✓ **Matches beliefs of owners** → who have a concern for interests of suppliers / workers / customers → want to make sure they do right thing

Disadvantages:

- ✗ **Business costs of being ethical** e.g. distribution of unsold food, increased price of fair trade goods → impact negatively on profit margins
- ✗ **Difficulties in being ethical** → e.g. food miles / transportation costs → can they be sustained?
- ✗ **Staff issues such as training / supervision may be required** → leading to increased costs
- ✗ **Problems re customers** → bad publicity → when errors made → not selling to some for ethical reasons
- ✗ **Price of fair trade goods** → cost e.g. carbon replacement → growing trees
- ✗ **Packaging issues** → cost/alternatives/hygiene

External Costs

Definition: These arise when a business' activities result in harmful effects on other people not directly involved in production.

Environment

Definition: The natural world in which we live. It is the landscape and its natural features such as the seas, rivers, forests and mountains.



Environmental Influences on a Business

The production, distribution and selling of goods and services has negative effects on the natural environment.

These environmental costs include:

- noise pollution
- air pollution
- water pollution
- light pollution
- litter
- congestion
- waste
- climate change
- use of finite resources.



Finite Resources

Definition: A large-scale, long-term shift in the planet's weather patterns or average temperatures.

Climate Change

Definition: A large-scale, long-term shift in the planet's weather patterns or average temperatures.



Renewable Energy

Definition: Produced using resources which are not finite, such as wind turbines or wave power.

GCSE Business External Influences

Sustainability

Definition: Refers to methods of production which can be continued in the long-term without damage to the environment.

Sustainable Production

Definition: Takes place when producing goods and services does not result in future generations being affected, for example, using up non-renewable resources such as oil.

Businesses are under increasing pressure from consumers and governments to act in a responsible manner and to ensure that our environment and resources are available for future generations to enjoy.

There are many ways that businesses can act in a sustainable manner:

- reduce the amount of packaging on products
- increase recyclability of packaging and the introduction of biodegradable packaging
- promote recycling schemes
- encourage the reuse of carrier bags
- introduce energy saving schemes
- use alternative sources of energy
- use more energy efficient equipment
- reduce water consumption
- reduce their carbon footprint
- encourage smarter use of transport
- eliminate unnecessary business activities
- switch to more sustainable suppliers.



Environmental Responsibility

Definition: Refers to the taking of decisions by businesses, consumers, governments and other groups with the intention of protecting the environment.

Implementing environmentally friendly policies can bring a number of advantages:

- reduced business costs
- avoiding legal penalties
- improved business and brand reputation – environmental friendliness can be a highly effective marketing tool
- recruitment and motivation of employees who commit themselves to ethical company objectives
- greater customer loyalty from growing number of ethical consumers
- reduced wastage.

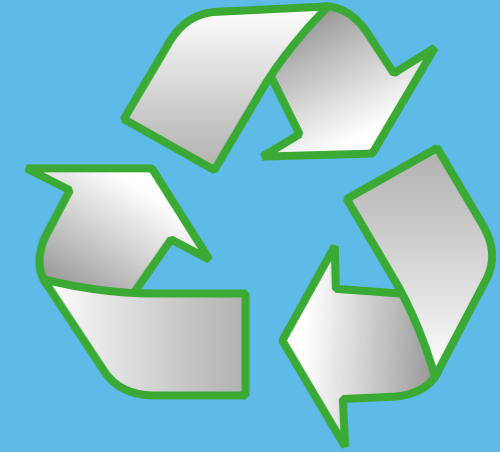
Environmental Reports

Definition: Publications describing a business' environmental performance for the business' stakeholders.



Recycling

Definition: The reuse of raw materials used in making products, often for many times. Examples include reuse of glass, paper and metals.



Evaluate whether or not it is good for the business to have such environmental policies

Advantages:

- ✓ **Reducing waste** → leading to lower costs in the long-term → impacting positively on profit
- ✓ **Meeting government targets** → avoids having to pay fines → reducing costs and potentially increasing profits → avoids bad publicity
- ✓ **Showing concern for the environment** → important for the image of the business / marketing or commercial reasons → leading to increased sales with those that share concerns
- ✓ **Consumer pressures** → as they become more aware of environmental issues → more likely to recommend business → all important for the image of business → leads to increased sales
- ✓ **Pressure groups** → less likely to give unfavourable attention to businesses who employ environmental policies

Disadvantages:

- ✗ **Business costs of being environmentally friendly** e.g. litter clearance → impact negatively on profit margins
- ✗ **Packaging issues such as cost / finding alternatives / hygiene** → increased business costs → impacting negatively on profits or pricing flexibility
- ✗ **Staff issues such as training / supervision may be required** → leading to increased costs

Possible Environmental Costs of Business Activity

Businesses and consumers can accept greater responsibility for their impact by changing their behaviour.

Environmental Considerations	Businesses e.g.	Consumers e.g.
Traffic congestion	<ul style="list-style-type: none"> • Timings of deliveries to and from stores • Car share schemes for employees and closer parking for customers • Efficient online ordering and delivery services 	<ul style="list-style-type: none"> • Car share • Use public transport
Recycling	<ul style="list-style-type: none"> • Providing facilities e.g. collection of Christmas cards, recycling bins • Reduced use of packaging • Recycling materials within the production process 	<ul style="list-style-type: none"> • Buy refillable products • Recycle waste • Look for recycled products • Reusing carrier bags • Favouring environmentally friendly producers
Disposal of waste	<ul style="list-style-type: none"> • Safe disposal of waste generated in the production process • Finding alternative uses for waste e.g. breweries using waste to feed animals 	<ul style="list-style-type: none"> • Safe disposal of domestic waste • Reducing waste e.g. not buying more food than will be eaten by the household
Noise and air pollution	<ul style="list-style-type: none"> • Reduce carbon emissions e.g. sourcing supplies locally or electric delivery vans • Safe practices to ensure environmental disasters don't happen • Using filters 	<ul style="list-style-type: none"> • Reducing carbon footprint e.g. buying from local business, reducing food miles • Low emission cars or alternative methods of transport

Assess the likely impact on the local community and its environment of having fast food outlets in the town centre.

Advantages:

- ✓ **Increase in the number of people in area** → might attract custom for other businesses → e.g. → will lead to greater income / profit for these → more investment in area
- ✓ **More jobs in area** → increased spending power for local residents
- ✓ **Other businesses may be attracted** → with positive effect on community
- ✓ **Fast food outlets / other businesses will need to train workers** → new skills for community
- ✓ **Improvement in community appearance** → better than having boarded up businesses
- ✓ **May increase house prices** → people feeling better off → good for people moving out of area

Disadvantages:

- ✗ **Decrease in number of customers for competitive businesses** → as customers are attracted towards fast food outlets
- ✗ **Health issues** → obesity → demand on NHS
- ✗ **Negative effect on infrastructure of area** → e.g. congestion
- ✗ **Social consequences** → open at unsociable hours → may disturb residents
- ✗ **Environmental effects** → litter → increased cost of street cleaning / bins, also bright displays outside businesses
- ✗ **Similar businesses might be attracted** → problems multiplied
- ✗ **Other businesses may not be attracted** → not wanting to be associated with fast food outlets
- ✗ **Suitable jobs for locals may not be provided** → low-paid / unskilled / part time / temporary
- ✗ **May increase house prices** → difficult / more expensive to "move upwards" / to move into area
- ✗ **May decrease house prices** → difficult to move

