

# 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.

### 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.

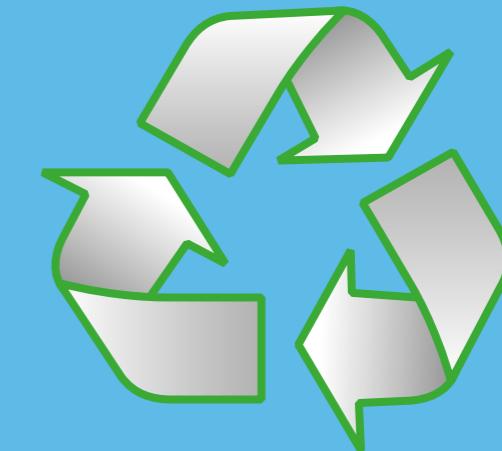
### Environmental Reports

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



**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