

## Benefits & drawbacks of being environmentally friendly

Benefits – Can charge higher prices, can reduce waste.

Drawbacks – Can increase costs, can take time to train employees.

## Sustainability

Prioritising renewable energy sources.

## Interest rates

They are the reward for saving or the cost for borrowing.

High interest rates encourages saving and reduces spending. Low interest rates encourages borrowing and increases consumer spending.

## Level of employment

This refers to the amount of people who are able to work, who are in employment. High unemployment means lots of people are out of work, resulting in lower consumer spending. Low unemployment is more positive and this means people have more disposable income..

## Benefits & drawbacks of being ethical

Benefits – Charge higher prices, strong reputation, easier to recruit.

Drawbacks – Higher costs, slower decision making, time consuming processors.

## Examples of ethical behaviour

Fair Trade – Paying a fair price for supplies.

Lush – Not testing products on animals.

## Examples of improvement in technology

Smart phones, Ipads, electric cars, internet, AI, apple pay, self service.

2.2 Ethical & environmental

2.3 The economic climate

2.1 Technology

# UNIT 2 Influences on Businesses

## Consumer Spending

This is the amount of money individuals spend on goods and service. The amount of consumer spending is affected by, interest rates, employment levels, consumer confidence.

## The economic climate

The economic climate refers to the overall state of the economy and how it affects businesses and consumers.

## Impact of ICT

Positive – Improved efficiency, global communication, growth of e-commerce, remote working.

Negative – hacking, high set-up costs, job losses.

## E-commerce

The buying and selling of goods and services over the internet.

## Digital Communication

Email, instant messaging, live chat, video conferencing, social media, SMS, company websites.

## Health and Safety Law

Businesses must provide a safe working environment.  
Staff must be trained properly.  
Equipment must be safe.  
Risk assessments must be carried out.

## Employment Law

National minimum wage.  
The equality act - it makes it illegal for businesses to discriminate based on age, gender, race, religion, disability or sexual orientation.

## Impact of legislation

### Positive

- Improved reputation
- Better staff morale
- Protection for businesses

### Negative

- Increased costs
- Time and administration, risk of fines, compensation, damaged reputation, if laws are broken.

## Consumer Law

Customers have the right to..  
Goods of satisfactory quality  
Goods that are fit for purpose  
Goods that match their description.

## Impact Competition

Encourages innovation  
Lower customer prices  
Efficiency improvements  
Lower profits  
Pressure to cut costs

## Examples of minimal competition

Water companies in local areas  
Rail - tracks and signaling  
Royal mail - letter delivery

## Risks

Business face uncertainty and risks, such as, changes in the economy, changing in consumer tastes, new competitors, exchange rates, legislation.

## Minimising risk

Market research, business planning, cash reserves, financial forecasting, training staff and diversification.

## Exchange rates

An exchange rate is the value of one currency compared to another.

### SPICED

Strong Pound Imports Cheap Exports Dear

## Drawbacks of globalisation

- Job losses
- Increased competition
- Environmental impact

## Benefits of globalisation

Larger markets,  
can take advantage of lower labour costs,  
can take advantage of lower raw material costs.

## Globalisation

The increase in trade and connections between countries. This has allowed businesses to operate internationally.

