Knowledge Organiser

Unit 6: Influences on Business Activity

6:1 Ethical and Environmental Considerations

Ethics is: about what is right and wrong

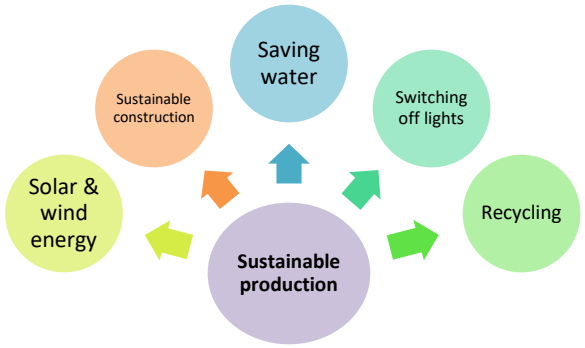
Ethics involves treating workers, suppliers and customers right however what is right and wrong changes over time so it can be hard for businesses to keep up.

Ethical marketing
Marketing activities that seek to give customers information to make good choices

Environmentally friendly
Describes consumers and businesses that act to make production sustainable

Sustainable production
The share of the total market for a product

Benefits of being environmentally friendly	
Increased sales	Reduced costs
Reduced tax bills	Reduce resource scarcity



6:2 The Economic Climate

Economic climate: refers to how well the country is doing in terms of the levels of income and employment

Gross Domestic Product (GDP) is a measure of the amount of goods and services a country produces

Income
The amount of money people receive from work

Customers
Buyers of goods and services

Consumer income
The total amount of income that all customers in the country receive

A rise in GDP means the economy is growing and incomes rise

A fall in GDP means the country is in a recession and incomes fall

	Response to economic change
Production	▪ Sell the product at a lower cost to beat competition *(less profit though!)* ▪ Improve quality control to reduce wastage ▪ Increase productivity through technology
HR	▪ Increase productivity by motivating workers
Finance	▪ Reduce costs by improving cash flow, reducing interest payments on overdrafts or loans ▪ Change loans to get a lower interest rate
Marketing	▪ Change the marketing mix - Change the product to appeal to different customers - Increase promotion - Different pricing strategies - Sell using e-commerce

6:3 Globalisation

Globalisation is: the process by which business activity around the world has become increasingly interconnected

International branding
Creating an image or values for a product in different countries

Multinational companies
Businesses that operate in different countries

Productivity
A measure of output of each worker on average

Free trade
The absence of restrictions on trade between countries

Pros of a UK business locating abroad	Cons of a UK business locating abroad
▪ Lower labour costs ▪ Lower costs ▪ Expertise ▪ Skilled workers ▪ Demand	▪ Quality control ▪ Poor communications ▪ Transport ▪ Loss of UK sales ▪ No skilled labour ▪ Costs of moving

Influences on business

Ethical and environmental considerations
There could be negative implications if businesses don't follow UK guidelines in other countries

The economic climate
This will influence whether or not a business is willing to operate there - if low income the business will suffer

Assessment Information

Your assessment will take place during a normal timetabled lesson but you should be revising at home.

Number of marks available: 40
Time allowed: 50 minutes

Answer **ALL** of the questions

The first 10 questions will be multiple choice - you must only select **ONE** answer, selecting two will score 0 marks.

The other questions will include a range of 2, 3, 4, 6, 7, & 9 mark questions

Possible questions

1. State two advantages of moving production abroad.
2. Define the term 'globalisation'.
3. Explain how being environmentally friendly could affect the finance department.
4. Analyse how being environmentally friendly can benefit a business.
5. Analyse two impacts of globalisation on a business.
6. Evaluate how a rise in income could affect different business functions.

State **Explain** **Analyse** **Recommend** **Evaluate**