

**Ethics is:**  
about what is right and wrong

### 6:1 Ethical and Environmental Considerations

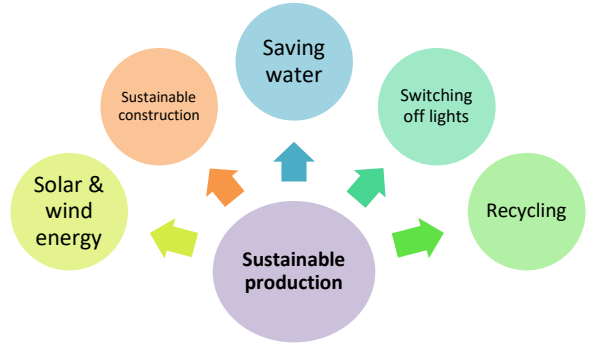
Ethics involves treating workers, suppliers and customers right however what is right and wrong changes over time so it can be hard for businesses to keep up.

**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



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

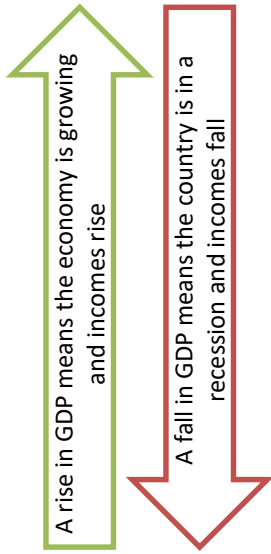
### 6:2 The Economic Climate

**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



	Response to economic change
Production	<ul style="list-style-type: none"> <li>Sell the product at a lower cost to beat competition (<i>less profit though!</i>)</li> <li>Improve quality control to reduce wastage</li> <li>Increase productivity through technology</li> </ul>
HR	<ul style="list-style-type: none"> <li>Increase productivity by motivating workers</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Reduce costs by improving cash flow, reducing interest payments on overdrafts or loans</li> <li>Change loans to get a lower interest rate</li> </ul>
Marketing	<ul style="list-style-type: none"> <li>Change the marketing mix                             <ul style="list-style-type: none"> <li>Change the product to appeal to different customers</li> <li>Increase promotion</li> <li>Different pricing strategies</li> <li>Sell using e-commerce</li> </ul> </li> </ul>

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

### 6:3 Globalisation

**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
<ul style="list-style-type: none"> <li>Lower labour costs</li> <li>Lower costs</li> <li>Expertise</li> <li>Skilled workers</li> <li>Demand</li> </ul>	<ul style="list-style-type: none"> <li>Quality control</li> <li>Poor communications</li> <li>Transport</li> <li>Loss of UK sales</li> <li>No skilled labour</li> <li>Costs of moving</li> </ul>

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