

## **Chapter 13**

### **External Factors**

#### **1. The nature of external factors**

: These external forces can impact on businesses unexpectedly. The effects of external factors can be both positive and negative.

#### **2. Social**

: Businesses have to adapt to any changes that occur in society.

##### **2.1 Increased consumer awareness**

: Consumers have access through the internet to lots of information about products and are more aware of their rights.

##### **2.2 Changing demand patterns**

: Modern lifestyles mean many people expected goods to be delivered to their doors. Therefore, takeaway food becomes popular right now.

##### **2.3 Increased numbers of women at work**

: Increasing in working woman rises the supply of labour and increase the number of new businesses.

##### **2.4 More part-time workers**

: There has been a huge increase in the number of people taking on part-time work. This improvea flexibility in business organisations.

##### **2.5 Urbanisation**

: Numbers of people have left rural areas to live in towns and cities. This has provided more labour and created additional markets to which goods and services can be supplied.

#### **3. Technology**

: New technology results in new products, which in turn provide new market opportunities.

## **4. Environment**

### **4.1 Global warming**

: Many governments are becoming increasingly concerned about global warming, which may be affecting weather patterns and climates.

### **4.2 Habitat destruction**

: Some business development destroys wildlife habitats and spoils the natural environment.

### **4.3 Resources depletion**

: In addition to the loss of forests, many other resources are at risk of running out. Eg. Oil, coal, gas are non-renewable resources and therefore cannot be replaced.

## **5. Sustainable development**

To help reduce resources depletion business could

- Design packaging that can be reused or recycled
- Use more energy-efficient equipment or renewable energy sources

## **6. Political**

: Some parts of the world are politically unstable. Businesses need to be cautious if they develop interests in such countries.

