

Subject Content	What students need to learn?
1.5.5 External influences	The importance of external influences on business: <ul style="list-style-type: none"> ● possible responses by the business to changes in: technology, legislation, the economic climate.

External influences occur in the external environment that the business operates in. the main influences are: technology, legislation and the economic climate. The business has no control over these influences and will need to respond effectively.

Technology	Legislation	Economic climate
<p>Businesses will need to adapt to keep up with advances in technology. For example, black cab drivers had to respond to Uber entering the taxi market. In order to compete, Black cab drivers now have free ultra-fast Wi-Fi, contactless card readers and zero emissions cabs.</p> 	<p>New laws can present opportunities or threats to new businesses.</p> <p>Most business people tend to focus on the threats, calling the new legislation 'red tape'. This means they may have to hire new staff to cope with the additional paper work which could be expensive for the business.</p> <p>However, it can create opportunities for some. For example, changes to the Food Safety Act in 2013 forced businesses to take further measures to protect consumers. This included keeping records about who supplied each batch of food (traceability).</p> <p>Various new small businesses set up to provide simple software programs for recording food origins, and suppliers started to help restaurants and cafes by texting the source of the food.</p>	<p>The economic climate is like the weather; the economy can run hot or cold. The economic climate measures the position the economy – positive or worrying.</p> <p>As the economy is constantly changing businesses need to be able to respond to economic ups and downs.</p> <p>When the economy is doing well they will:</p> <ul style="list-style-type: none"> ● Hire more staff ● Invest in new equipment ● Spend more on developing new products <p>In the long term bigger companies respond to the changing climate by spreading their risk. Jaguar and Land Rover used to produce only in England but that left the business vulnerable if a rising pound hit export profitability. Now they have factories in China, Brazil, Austria and Slovakia.</p>

