

**Topic 1.5.5 Business response to external influences**

**Core Knowledge**

Responses to technology:

* Merge with other businesses
* Install similar technology – increasing costs in short term
* Change production methods or product

Responses to changes in legislation

* Employ more staff to deal with paperwork / red tape
* Cut back or scrap an area of business
* Invest in technology to meet requirements

Responses to changes in the economic climate:

* Hire staff, invest in equipment, develop new products during good economic times
* Adjust marketing mix
* Spread risk through operating in more than one country or producing a variety of goods that match different consumer needs

**Don’t be a “man on the street”**

* Remember that businesses have to continually adapt and change
in order to be successful
* Not all consumers or businesses will be affected in the same way by changes, so use words such as ‘most’ when analysing

**Synoptic Links**

**Technology** – the way in which technology has changed

**Legislation** – three main areas of law affect businesses

**Economic influences** – changes to economic factors can affect consumer income, therefore affecting spending

**Globalisation** – moving production overseas can be a way to minimise impact

**Wider Business World**

**Sainsbury** – bought Argos in 2016 to take advantage of their ‘click and collect’ service

**Independent** newspaper – now only online

**Jaguar Land Rover** – spread production across world to minimise effect of
exchange rates

**BUSINESS**: ***Creating informed, discerning employees, consumers and future leaders***

**Key Vocabulary**

**Obsolete** – out of date or not used anymore. An impact of not adapting to new technology