

11.2_D

ReviewNotes

- 1 Political factors: e.g., new government, taxation policies, pressure groups, regional trading groups, foreign companies coming into country
- a) Government decisions, e.g., UK entry into common market (later EU) (1973)
- rules/regulations developed for all EU countries
 - trading agreements with EU and non-EU countries
 - 2016 UK referendum on EU → UK left EU in Jan. 2020 → many effects on business
- b) pressure groups
- i) Pure Foods Movement in US (1906) → new laws on food safety
 - ii) Greenpeace → made palm oil trader stop using illegal sources (2018)
- c) Trade organizations
- internal markets
 - trading agreements
 - protect members from competition
 - Regional = EU, NAFTA, MERCOSUR, ASEAN
 - Global = World Trade Organization = largest trade organization
- BUT
- negative consequences, e.g., unemployment in old/less efficient industries
- 2 Economic factors: e.g., changing importance of different industrial sectors. Drucker ('The next society', 2001):
- 1913: farm products = 70% of world economic activity. Now < 1/5.
 - developed countries:
 - big ↓ in contribution by agriculture to GDP
 - manufacturing ↓ → service industries ↑
 - growing economies: farming ↓ → manufacturing ↑ (e.g., Thailand & China); India: ICT ↑
 - ? = will growing economies dominate world economy?

Summary

11.2_D Model answers

Review

Types of political influences on business ...?

An example of a political decision affecting business ...?

Examples of pressure groups and their actions ...?

Trade organizations: functions ...?
Examples ...?

Negative consequences ...?

Economic factors: example ...?

Developed countries: decline in ...?
growth in ...?

Growing economies: decline in ...?
growth in ...?
In future ...?

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Summary

Political influences on business include government decisions, pressure groups, trade organizations. Economic influences on business can be seen in the changing importance of different industrial sectors and how these vary in different countries. It is possible that the economies now growing will dominate the global economy in the future.