

# Mands's business and economic environment

[Environment](#), [Ecology](#)



M&S's aims and objectives are to make money for shareholder and to improve their profit margins where and when ever possible. Their approach to reaching the aims and objectives are to design extremely attractive and inactive products for their customers that are of a high quality. As these products are of high of high quality not everyone can afford these products and are targeted at a slightly niche market (upper middle to upper class citizens).

M&S also have a commitment called Plan A, in which they are devoted to environmental issues such as refusing to send waste to landfills and using alternatives methods of waste disposable such as recycling within the business where possible and also externally, as well as lowering carbon emissions when possible. These things will help them save money, however the main reasoning for these policies M&S have issued are to increase the their appeal in the eyes of the public, therefore making people think that they are helping the environment if they shop with them. Which they are but only to a certain extent.

These policies are in force as the government have fiscal and monetary policies that effect all businesses and the way they operate, including M&S. An example of a fiscal policy would be direct taxation, this can come in the form of corporation tax which is currently set at 20%. The level of which corporation tax is set at can effect a business hugely, as if they are set low it means that M&S won't have to pay as much interest on their profit and will have more money to re-invest into the business. This could be into for example, hiring more staff as a result of an increase in demand. This means if M&S carried out hiring more staff alongside other businesses throughout

the UK as a result of an increase of stimulation in the economy then the unemployment rate would drop.

Giving people more disposable income to spend on higher quality goods in such places as M&S, and further stimulating the economy. On the other hand if the corporation tax was set at a high level the businesses, including M&S, would have to pay out more of their profits to the government in order for them to keep the economy running. This would then lead to M&S having less money to re-invest. Meaning it will be harder to expand maybe as much as they'd planned to. However if businesses are paying more in corporation tax then the government will most likely be needing it to stimulate the economy to encourage people to start spending.

And will in turn increase the amount of business and sales that M&S will receive. So if the corporation tax is high it will be better for all businesses in the long run. The government also have a capital allowance which means that businesses can buy expensive machinery and are eligible to claim the tax back from those machines. This is so that because the tax on these machines will be at a relatively high price and will encourage businesses to buy them and spend money. This would apply to M&S as they have the self-service machines that customer can scan and bag their own shopping if time is of the essence.

The amount of tax on all of the machines that M&S have bought throughout all of their stores will add up to a large sum. So if they can get that money back it means that they will have more money to reinvest back into the business, creating more opportunities to make money and therefore generating more profit in order to meet their never-ending goal which is to

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make as much money as they can to keep the shareholder happy. This will also heavily apply to cavies, where M&S get all their ready meals from. As they are a factory with countless machines they will be able to get a bursary from the government for the tax which they paid on the machines. This means that they will be able to sell their ready meals for a cheaper price which means M&S will save money (and will be hitting their aims and objectives) alongside with their customers.

Then as they are cheaper it will attract more sales resulting in more ready meals bought from cavies giving a win win win situation to cavies and both M&S and their customers. The government also have monetary policies that will affect all businesses, and these include such things as interest rates. This is because the interest rate doesn't just affect businesses but every citizen of the UK. And this effects businesses in a big way because it has a direct link to how much money people and businesses receive back from the bank in return of banking with them. Currently the interest rate is at an all-time low of 0.5%, and has been stuck at this rate since 2009 because of the recession.

The interest rate has been set this low so that it encourages people to take out loans and mortgages, as it means that people wont have to pay as much money back on their loan. This then has a ripple effect and will increase the amount of first time buyers to join the property ladder alongside other buyers that will sell and buy a more expensive house. This will have a huge affect on the housing industry and therefore also M&S as they have a large home wares section that people will purchase new goods from to furnish their new homes with.

However, on the other hand a low interest rate is very bad for people who are wanting to save and earn interest on their savings. Because if the interest is at 0.5 and someone has £10,000 in a savings account which will be no more than 1.2% at best then in a year they would only make £120 profit. This means that people won't have as much disposable income compared to if the interest rate was at its average 5 - 6% and people would be saving about five times as much. And if the interest rates are low then large businesses like M&S won't invest their money into the banks that are in England, they will put them in offshore accounts in such places like China, which has an interest rate of 6%, or India with a rate of 7.25%.

These countries have a high interest rate as they are up and coming countries ((NEDCs, (newly economically developed countries)) and have a high growth rate and show a promising return upon investment. Another monetary policy that would affect businesses would be the amount of capital allowance they allowed each citizen to have. This is currently set at £10,000, and if you earn under that amount you be taxed so that you can meet the national minimum standard of living. This then links back to more disposable income people have, as the more they have the more they are likely to spend, and the more chance that money will end up in M&S.

It could go as far as someone who saved £200 in taxes and buying a new game console of someone second hand and they could then repay a debt to someone, then they could spend that same £200 on a weekly shop at M&S. So no matter who saves money for what reason the direction of money is too unpredictable to even guess so saved up money will just as easily end up at M&S as anywhere else.