

The health department in south africa economics essay

[Economics](#)



Introduction.....

p. 3Section 1 – Understanding the organizational purposes of
businesses.....p. 3 - 6Section 2 –Understanding the Nature of the
National Environment in Which Businesses
Operate..... p.
7-10Section 3 - Behavior of Organizations in their Market
Environments..... p. 10-13Section 4 – Significance of the Global
Factors that Shape National Business
Activities..... p. 14
- 15Conclusion.....
...p. 15References.....
..... p. 15

Introduction

Throughout this document will the company Best Bake Bakery be named, as the company that I will use as reference.

Background

Best Bake Bakery is a Partnership Organization based in South Africa, that is also a generation business, focused on bringing their business into the 21st century concerning technology available today, that could also help with not only over-head costs, but also with the longevity of their business in today’s competitive and thriving market.

Section headings

Section 1:

identify the purposes of different types of organisation

Different types of organizations and their purposes

Why are there different types of organizations? The reason for so many different types of organizations is so that the needs of stakeholders, owners as well as customers can be met. Whether it is in production or delivering a service to the community, this all being done in an accordance with the law.

Sole TraderA sole trader is an individual with a unique idea/concept to start a business venture. Purpose of a sole trader is also to see a need in their community and to fulfill that need with their own skills and ingenuity. As we see today that the economy is piggybacking on the small businesses, because most business consist of small business enterprises (such as sole traders). As mentioned in an article in Forbes online by article writer, Rebecca O. Bagley: " According to Entrepreneur Magazine there are between 25 million and 27 million small businesses in the U. S. that account for 60 to 80 percent of all U. S. jobs. And, a recent study by Paychex, says that small businesses produce 13 times more patents that larger firms." [i]As this describes the point I was making, it only highlights the impact and the crucial importance of small business ventures in our economy today.

PartnershipThe business that will be constantly used as a reference in all document to follow, will be a partnership business, which we shall name Best Bake Bakery (which will simply be referred to as BBB). BBB was a generation business with employees being with the company for years. This company also provided a service to the community e. g. Job creation and community

<https://assignbuster.com/the-health-department-in-south-africa-economics-essay/>

uplifting projects. BBB also advocated learning opportunities for the employees and skill advancement.[1]Companies and CorporationsCompanies & corporations is a collection of people and legal personalities united to bring their collective resources, talents and skills to achieve their set forth specific, declared goals. The main purpose of a company to create profit with investors or shareholders within the company (who invested in said company) money (return on their investment).

Lets now have a look at the Public sector and their place in the economy.

The public sector only really have one customer and that customer is the citizens of that region or country. The public sector is also referred to as the Government sector. The reason for this is because the government deals with either the sale, provision, ownership, production and the allocation of goods and services to either the government or its citizens. The kind of organization that will be formed will largely depend on how it is funded. The involvement of the government can be either national, state or local. Lastly the public sectors role will largely depend on who is in charge politically. Lets have a look at some examples of Public sector organizations. National Health ServicesIf you have a look at the National Health Service of England. This service is publicly funded and is the largest and oldest system in the world, and is funded through the general taxation system. This service provides healthcare to all legal residents of England. The Health department in South AfricaThe objective of the Health Department in South Africa is to give equal services to all citizens living in South Africa. What the health sector is trying to bring across to its citizens is that there must be an increase awareness

regarding the health of the population. The reason for this is because a health population is necessary for the economic and social development of the country. The government is also responsible to create a framework within which health care is delivered to all in the country, and the right to all patients to be treated with respect irrespective of their race. Some of the objectives of the Health care system in South Africa is to ensure that the emphasis is not only on health care but also on healthy living. Then they are also looking in to reducing the risk and burden towards South Africans that have been affected by diseases. The South African Revenue service

The South African Revenue service is one of the leading revenue services in the world. This service were established by legislation to collect revenue and to ensure compliance with tax laws in the country. The revenue service whants to enhance economic growth and social development in the country and also supports South Africa's integration into global economy and this will benefits all citizens in the country. The main function of our revenue service is to:

- Protect against illegal exports and imports
- Advice minister of finance on all the revenue matters of the country
- Administer national taxes, levies and duties
- Collecting duties and taxes
- Enforcing customs and trade laws

Lets take a look at the Private sector

The importance of the private sector can not be overlooked at all. The private sector and its investments are critical to reduce poverty and increase job creation. According to the World Bank " in parallel with public sector efforts, private investment, especially in competitive markets, has tremendous potential to contribute to growth".

<http://data.worldbank.org/about/world-development-indicators-data/private-sector>

An example of a private sector company can be the small business.

First of all to become a successful small business you have to have clear goals and objectives. You must have a clear vision for why you want to open a business and what it is that you want to accomplish. You need have a strategy to meet your targets and a plan with a long term vision for your business. You usually have 4 types of goals that you must consider, they are profit, growth, social and service goals. For your business you can have one or more of these goals. If you briefly look at these goals, service means that you are going to provide some kind of service to others, social-you will probably support some cause or charity, growth- just means that the owner will want to grow his company and lastly profit is what all is about, you want to earn money from your business. The one thing a new business also needs to do is set forth objectives that are measurable, action oriented, specific, realistic and timely. 1. 2

describe the extent to which an organisation meets the objectives of different stakeholders

Following are the different stakeholders and their objectives and needs:

Employees-If you look at the Employees and their representative groups, then they are interested in information regarding the stability and profitability of their employers and the company. Information that they are also interested in is information that enables them to assess the ability of the organisation to provide them with employment opportunities, retirement benefits and also remuneration. Customers- Customers on the other hand have an interest regarding information about the continuance of the enterprise, especially when it comes to the long term involvement with the enterprise and the dependency of it. Suppliers- Suppliers, creditors interests

are regarding information that helps them to determine if amount that they are being owed, will actually be paid back to them. Creditors on the other hand are more interested in the company over a shorter period of time than the lenders. Unless of course they are dependent upon the continuation of the company as a major customer. Investors-) Investors are the providers of risk capital and the investors advisers are concerned with the investment made, the risk in making the investment and also the return provided on the investment. The advisors need information so that they can make calculated decisions whether they should hold or sell or whether to buy. Shareholders again are interested in the information of the company so that they can assess the ability of the company to pay dividends. Lenders-) The only thing that the lenders are interested in is whether the loan that they gave and the interest attached to it will be paid in due time. Government-The Governments and their agencies are concerned with the allocation of resources and therefore they also have interest in the activities of companies. The information that they collect they also use to regulate the activities of companies, determine the basis for national income and similar stats and also for taxation policies. Public-Companies can affect the members of the public in a variety of ways. An example of this is companies may give a substantial contribution to the local economy in the way and number in which they employ local labour and also the sustained way in which they support local suppliers.

1.3

explain the responsibilities of an organisation and strategies employed to meet them

The main responsibility of an organization is to serve. Every business has a duty to provide a service. An organization must also operate within the boundaries of the law in which country or region it is located in. For a customer one of the most important factors are the you are an organization that has a good reputation and that they can trust you. They need a legitimate reason to do that and you need to prove it to them. In an organization there must also be a strict financial control policy. Careless mathematics in a budget is unacceptable. If you have an incompetent financial management then you are more than likely looking bankruptcy and closure in the face and with that losing a lot of investors a great deal of money. The recruitment in a company is vitally important, you need workers that are reliable and enthusiastic about their work and who are intelligent. The work force must also be able to take advice and critique from the management. If the recruitment process is poor then it can result in a loss of production and an inability to develop a good relationship with prospective clients and consumers. If you look at it this way, Human Resources also come in to effect here, and the reason for this is because a successful workforce is a happy workforce. If you have meetings and finding out from the employees what they expect from management in terms of support, acting upon this will have a positive momentum. If your company is a popular place to at then it will quickly become a popular place that one can do business with. In a company unfortunately there also needs to be a

superior that does then ungreatfull job of hireing and firing, keeps the management incheck and have the respect of vellow employees. Managers in a company also needs to make sure that targets are being met, and that complaints are heard. Finally we can look at the marketing of a company which is a vital point. You can not sell something that people don't have the knowledge of. You have to have a good advertising campaing so that you can get as many possible customers to know of your product in as little possible time with as little money spend.

Section 2:

Understanding the Nature of the National Environment in Which Businesses Operate

How Economic Systems attempt to Allocate Resources Effectively

An economic system is a result of individuals and groups with their various processes of putting together and motivating labor, production, and circulating of products and/or services produced. These individuals (sole traders, consumers, producers), and groups (political parties, corporate, firms, families, etc.) and the government coming together and interacting in a legal and social society. There are three different kinds of economic systems which are adopted in basic or some form in all countries. They are:* Free market;* Command economy;* and Mixed Market. A Free Market Economic SystemThe government involvement and/or intervention is kept at a minimum level or none at all in a Free Market System, and all the economics resources comes under the private sectors. Prices and availability will determine how much of goods and/or services will be supplied according

to the market demands. Most decisions made are grounded up-on the market mechanism. The supply/ demand ability play a vital role in the decision making of the market. When viewing the free market system as a whole, it raises the various unresolved questions like who will produce the goods and/or services and infrastructures for the country to meet the needs of public demand. Everyone is motivated by pure self interest. Consumers maximize welfare, firms maximize profits and private individuals aim to maximize rents, wages interest and profit. Companies can produce whatever they want, without having to answer to anyone. A Command Economy Also known as a Centrally Planned Economic System, or State Controlled Economy System, refers that government allocates the economic resources while also making all the planning regarding the economical activities.

Private sectors are kept at arm's length in involvement of any economical accumulation. In a system like this basic unemployment problems will not be faced since government planed all the economical activities and resources which will be allocated to meet even the basic needs of its people and different industries inputs. The government plans at three levels: Micro Level At micro level they decide how much of a product should be produced, and if they know how much they need to produce, they know how much input volumes are required. Macro Economic Level It studies such things as employment, gross domestic product, and inflation—the stuff of news stories and government policy debates. Ex: whether prices need to be increased or decreased according to supply and demand. Government studies the role it plays in contributing overall economic growth of fighting inflation. Mixed Market Economy Mixed Market Economy System is where government and

private sector are married in union to form. This is where both socialism and capitalism economic systems are present, this is also known as a mixed economic system. In this globalizing world (and with economic fragility as it is) most of the trading countries in the world today are making use of this economic system, because it's the most feasible option to markets today. In a Mixed economic system, economic resources available in the country are divided between both private sectors and government. The reason for this is so to encourage the private sector to participate and get involved in utilizing the resources of the country which in turn helps to gain economic profit for the whole region. Countries for instance the UK, USA, and China to countries like Peru and Vietnam has accepted this economic system. If we have a look at how a mixed economy will give us a solution as to what we should produce and in what volumes it will be produced then we can have a look at how the market mechanism will work. The market mechanism will firstly help the private sector so that they can make decisions on what they want to produce and in what volumes to produce the selected products. Next the government will have a look at where the private sector has a monopoly and then decide on what goods and services will be produced and what volumes. The prices are then decided by the government and fixed, the price mechanism will determine whom and how it will be manufacture. The way in which the price mechanism works is that every commodity and or service has a price which are determined by the supply and demand of that country or region. If commodities are in abundance supply will rise and prices will fall and visa ver sa. Sit grafiek in!!!!!!!

2. 2 Impact of fiscal and monetary policy on business organizations and their activities.

If you look at Fiscal, it is in essence Government spending policies, which influence macroeconomic conditions. These policies affect interest rates, tax rates, and general planned government spending, in an effort to control a country's economy. These viselike policies are limiting unrestricted expenditure. Ex-Governments use fiscal policy to encourage improved spending conditions and/or healthy behavior. The instruments used by government for this intended reason are subsidies and taxes, also implement provision of certain health services for free or at subsidized rates. Examples of fiscal policies for health are sin-taxes on alcohol, subsidies on certain foods, and tax incentives for health care purchases and healthy living. Monetary policies are also seen as the actions taken by a central/bank, a currency board or any other regulatory committee that determine the rate and size of growth of the money supply, this in turn will affects the interest rates of a country. Monetary policy is reasserted through actions such as increasing the interest rate.

2. 3 The Impact of Competition Policy and Other Regulatory Mechanisms on the Activities of a Selected Organization.

If you look at the Competition policy they aim to ensure the following: That there is effective competition when it comes to pricing between suppliers, Wider consumer choices on products and services, Innovation which promotes efficiency, If you have a look at the competition policy in the UK and the EU, you will see the following key pillars: Market Liberalization: This involves introducing fresh competition in previously monopolistic sectors,

example fuel supply and energy supply. Unjust Trading & Cartels: This includes the desire to restrict competition between companies who make themselves part of price-fixing and other abuses by those who hold a preponderant market position. Merger Control: This involves the investigation of mergers and take-over's between firms and/or companies. This could be between two or more large companies merging and dominating market share. State Aid Control: Competition policy analyses state aid measures to ensure that such measures do not warp competition in the Single Market. Main Roles of the Regulators Regulators are the rule-enforcers which were appointed by the government to administer how a market works and evaluate the outcomes that result for both producers and consumers. Opening Up Markets: The aim in opening the market here is to stimulate the competition by removing obstacles of restriction for trade. This might be achieved by compelling the dominant firm and/or company in the industry, to allow the competition to use its infrastructure network. Telkom is a telecommunication company in South Africa that now needs to share its infrastructure with new and upcoming companies. They have been fined only recently to the value of R449million (roughly \$48.5mil) for not letting competitors use their infrastructure which in turn gave them an unfair market advantage. This is a good example of the point above made. An important task for the regulator is to amend a fair access price for firms wanting to use the existing infrastructure. Being fair to both the existing firms and also potential challengers, this will then create a trade environment that will promote healthy competition. Monitoring and Regulating Prices: Regulators aim to ensure that companies do not exploit

their monopoly by charging unrestrained prices. They look at evidence of pricing behavior and also the rates of return on capital employed to see if there is evidence of ' profiteering.' Currently the competition commission in South Africa is looking at regulating prices for the telecommunication sector in South Africa, between rival companies, for e. g.: Vodacom, MTN and Cell-C.

Standards of Customer Service: If there are companies that fail to meet specific service standards, they stand a chance of being fined or have their license taken away if found guilty. The regulator may also necessitate that marginal services are maintained in the wider public interest. Recently new laws were introduced in South Africa governing this, for e. g. the beauty and health sector can be fined if they are not clear about what goes in their products clearly, or what the services they offer fully entail.

The Adoptive Competitor: Regulation here can act as a form of surrogate competition – attempting to ensure that prices, profits and service quality are similar to what could be achieved in competitive markets.

Section 3:

Behavior of Organizations in their Market Environments

How Market Structures Determine The Pricing And Output Decisions Of Businesses.

If there is a market (a need) for your product or service that your company offers (that can fulfill said need) then you will do well. It is all about the supply and demand of a certain product and/or service. If the demand is high, the price goes up, if the supply is higher than the demand, then the price goes down, and if there is no market for your product or service, then the business will not be making money and will have to close their doors. If

<https://assignbuster.com/the-health-department-in-south-africa-economics-essay/>

you have a look at the pricing of a product, the higher the price the less will be demanded and the lower the price the more it will be demanded. One must also remember that should prices keep on rising, then you will start to see substitutes to the same product but at more competitive prices (example: Louis Vuitton knock-off, Chanel fakes, etc.). An example of this happening right now in South Africa is between the soft drink companies and Coca-Cola. You now have 'Tweeza' and other smaller soft drink companies, making the same exact soft drinks as Coca-Cola, in different packaging and for more than half the price at which Coke is supplying their soft drinks to the market. Where customers bought one load of Coke in the past, they now buy four loads of Tweeza, same quality, different packaging at a very cheap (read affordable) price. With the demand now for so many of this substitute brand (using the example of Coca-Cola), other companies are now also jumping on the band wagon and starting to produce their own soft drink brands. This now create a situation where they are starting to over supply the market and the prices are dropping even more, and companies have to cut each other's throat regarding prices, just to stay up breast in the market. These companies that are in competition with Coke, don't even have to do advertising like Coke does, for these companies, their low prices speak for themselves - and the word-of-mouth has gone along way.

Illustrate The Way In Which Market Forces Shape Organizational Responses Using A Range Of Examples.

We are here going to look at the following four market forces.

Governments

The Government has probably the most power and influence over the free market. This with its monetary and fiscal policy that has a significant effect on the financial market. With increasing or decreasing interest rates government speed up or slow down a countries growth. This is also known as the monetary policy. If the government should decide to increase spending then it knows as fiscal policy. And this the government will use to help with unemployment to name but one. With the altering of the interest rates a government can control how much money flow in and out of a country.

Speculation and Expectation

Speculation and expectation are intrinsically parts of the financial system. Most of the politicians, consumers and investors believe that how the economy will go in the future depends on our actions of today. The expectation that is created of future action is somewhere consumers, investors and politicians believe the economy will go in the near future; this will greatly impact how we act or react today. Expectation we have of future action is reliant on current acts and shapes both current and future trends. Indicators for example sentiment are used to see how certain groups perceive the current economy and their well being. If you analyst this in conjunction with other forms of technical and fundamental analysis it can create an expectation or bias future rates and trend direction

International Transactions

Regarding international transactions the flow of funds coming in to and going out of a country with its trading partners will greatly impact the strength of

that country's economy. Countries that concentrate largely on exporting their goods and services will be bringing more money in to that country. This will help stimulate the economy and the financial markets.

Supply and Demand

Supply and demand of a country's products or services will create a push-pull effect in the market price. Prices and rates change constantly according to the change in supply and demand. If there is a high demand for a product or service but the supply is low then the price will rise and if demand is low but supply is high then the price of that product or service will go down.

Judge How The Business And Cultural Environments Shape The Behavior Of A Selected Organizations

There are a couple of environments that affect a business that we can look at. The following environments examples, a business cannot change, but they can react to it. Economical Environment (also known as Financial Environment) In many countries, the Economic Environment is intemperately influenced by the political environment in the context of government legislation as to how businesses make money, as well as how businesses are taxed. Some of these include: * The financial feasibility of a country * Rate of inflation versus deflation * Rate of minimum wage (example: in South Africa the legislation concerning minimum wages are extremely demanding) Political Environment (also known as Legal Environment and/or Regulatory Environment) The Political Environment is driven by the ideology of the running party instituted in the country. The rules and regulations created by the ruling party, have a paramount influence on the cost of running a business and the way it can market and supply products and

<https://assignbuster.com/the-health-department-in-south-africa-economics-essay/>

services - for example in South Africa they instituted a new consumer law, that requires businesses like Best Bake Bakery for example, to safeguard themselves from every imaginable form of legal action that may result from either selling their products, or just distributing of their products – lawyers are smiling all the way, but for small businesses, it's cutting their life supply (so to speak). Sociocultural Environment (also known as Linguistic Environment and/or Ethnic Environment) Examples of influences of the social cultural environment include: Cultural changes and the effect on national symbols, structures, etc. Democracy vs. Theocracy Uses of color, slogans, music, slang expressions in marketing promotions Regulations about equality based on gender, race, etc. Relationships between people of difference faith, ethnicity, language etc. Business ethics is highly influenced by changes in cultural norms

Competitive Environment The competitive environment is a very unrelenting, with so many companies trying to copy the market leaders, selling under cost and producing imitations of your products and then selling at under market related prices. To combat this you have to follow market trends and be on the forefront in development and customer satisfaction so to keep your customers loyal and satisfied. Utilize every resource available to you; keep your eye out for new regulations that might influence your product or service so that you can do the necessary adjustments beforehand.

Technological Environment One must understand that for if example you are doing business with an African company or country, then not all of them might be on the same technological level than you. For some in Africa the word internet is still no existing. You must have a look at a countries infrastructure which also includes roads, rail ways enc. This is very

important because it will be either very cost effective if there is a good infrastructure or it can be very expensive to transport your goods in a set country. Telephone or cell phone reception (if you need an answer on a certain deal that you are busy with how long will it take to get an answer if the telecommunications is not up to date in a country). Physical Environment (also known as Geographical Environment) This might include travel, time zones, and effects of weather on agriculture. Here you have the effects of weather that should a snowstorm begin like what happened in Scotland couple of weeks ago then electricity, telecommunications all are down because of the weather. The will in turn disrupt the flow of communications and also the distribution of products until cleared up. Should we see drought or floods like we did in Russia then that will in turn produce fewer crops. This will lead to Russia putting a halt on exports until they have filled their own countries quota, and then they will export the excess crops should there be any. Labor Environment Labor environment can be changed by a company in a way. Example in South Africa they have very strict labor laws. Now to combat this a bit from a company's point of view they just employ fewer workers, because depending on the amount of labor you have, certain set off rules then apply to you. You have to be up to date with labor laws of a country so not to infringe on the laborers human rights. The down side of these strict labor laws in South Africa is that with the companies rather employing fewer workers, this then causes an increase in unemployment. Distributive Environment You should know the history of the distribution network of a country. In South Africa because of the unions you have a work force that is so power driven that it is bad for business. You have a lot of

strikes that leads to loss of production; you have vehicles set alight and roads blocked off. You should really know what is going on regarding distribution in a country and have back up plans for should this happen what will you company then do so not to stop your delivery of product and service to your customers.

Section 4:

Significance of the Global Factors that Shape National Business

Activities[image]

4. 1 Significance of International Trade to UK Business Organizations

With the UK being such a small country they have way less local recourses than what other larger countries may have. For this reason the UK is a larger importer than exporter. UK heavily relying up on foreign investors and foreign companies opening in the UK. The EU is also the largest trade partner to the UK regarding exports with its largest partner being Germany. And then the USA being their biggest single export partner. The USA also account for the most foreign companies in the UK. Most of the UK's imports come from EU countries and in second place we have the USA. There reason for so many foreign countries also investing in the UK is because of their strong currency the pound. Because of the UK having a trade deficit, with it importing more than exporting it were still able make up the deficit because of it foreign investors. International trade also gives UK based companies the opportunity too many diversify their business so to get a bigger slice of the international trade market. To give you a clear example of the above and just how important international trade is to the UK and how important the UK

<https://assignbuster.com/the-health-department-in-south-africa-economics-essay/>

is to international trade can be seen in the following figures. According to the " Encyclopedia of Nations some 58% of the kingdom's exports goes to EU nations Germany, which accounts for 12 percent of exports; France, with 12 percent; and the Netherlands with 8 percent. The USA also provides 13% of its exports and 14% imports to the UK. The EU also provides 53% of British imports. Foreign investments accounted for 5% of the GDP. Foreign companies provide 40% of British exports and About 20 percent of manufacturing companies are foreign-owned and 16 percent of employment in the sector is tied to foreign firms. In 1998 there were 25, 800 foreign companies in the United Kingdom. Among the major international companies in the United Kingdom are Dupont, with sales in 1998 of US\$2. 7 billion, the Swiss chemical company Ciba, with sales of US\$2. 3 billion, and Coca-Cola, with sales of US\$2. 1 billion. Read more: <http://www.nationsencyclopedia.com/economies/Europe/United-Kingdom-INTERNATIONAL-TRADE.html#ixzz2ReUqWbRT>"

Impact Of Global Factors On UK Business Organizations

The following factors can have an effect on UK organizations and their trade partners whether it be positive or negative.

Political

Political change or uncertainty can lead to a wide range of problems for importing or exporting. This in turn could lead to insufficient products or raw materials imported to produce end product, which then will lead to higher prices on those certain goods. With war breaking out in a certain country will come a whole lot of different problems of its own. Sanctions might be

imposed on that country which will stop you from doing business with that country in as a whole.

Economic

The economic factor of the trade partner must also be looked at because this will also affect the ease of trade between the two countries. Some examples are tax systems, monetary and fiscal policies, exchange rate, internal regulations and investment considerations.

Labor

Should a UK business decide to open a manufacturing plant or any other kind of business in another country they should be aware of the labor laws and regulations of that country. E. g. minimum wages, rate per hour etc. These so that they will have a happy work force from the word go. Otherwise it will cost the company a lot of money if they have to go to labor court regarding issues that they were not aware of when they started their venture.

Diversity/Religion

You must know the culture of the country that you intend to do business with. You must be aware of their religions so that you don't offend anyone with the kind of business venture that you want to do nor trample on the Human Rights of your work force.

Impact Of Policies Of The EU On UK Business Organizations

Well the first and most obvious is EU has policies in place should any other country wanting to do business with a country in the EU must follow. The

European Money Unit being the most obvious, so should you want to do <https://assignbuster.com/the-health-department-in-south-africa-economics-essay/>

business with an EU country then you must trade in the currency of the EU the Euro. With being part of the EU also meant that community law prevailed over that of domestic law. The supremacy and immediate effect of Community law exhibit major challenges to the UK and its legal system and to the doctrine of parliament sovereignty. What also happened is that when member states sign their treaties they in return limit their sovereign rights. This is so to be directly applicable and obligated national authorities to ensure compliance of domestic legislation with EU legislation. A statement by the EU has also being made where they want to start levying direct taxes. This will have a significant effect on small businesses and their cash flow. And for a small business it is all about cash flow. Without it the business close down. You also have issues of the EU that want to introduce the working time directive and also looking at " banking union" for the EU members. The EU regulations are also directly applicable on all the EU members without having the need for national legislation to put them in place. The EU directives bind the Member States to its objectives that they must accomplish in a predetermined time frame. But they leave the planning as to how these directives must be achieved to the national authorities. These directives must be implemented in national legislation. According to " James M. Roberts and J. D. Foster, Ph. D. August 16, 2011 he had the following to say regarding social whelfare Europe's socialist (or " social democratic") welfare state is collapsing under the load of unsustainable debt. There is no chance European politicians will ever make good on the many costly and unfunded entitlements they have promised their citizens. The fundamental problem in the European Union is a monetary policy failure.

In conjunction with the debilitating effects of the social welfare state, this has led to a broad economic collapse among the lesser states—notably the PIIGS (Portugal, Ireland, Italy, Greece, and Spain), but also some of the EU's newer members—and it threatens to envelop the greater states. He then went on to talk about the social results of the welfare state, For decades now, one of the most tragic costs of the European welfare state has been Europe's structural unemployment, especially among the young, combined with welfare payments that turned unemployment into an acceptable—even desirable—status, while stripping those affected of their dignity and sense of responsibility. The recent riots in the U. K. are an ominous reflection of this failure". <http://www.heritage.org/research/reports/2011/08/europes-debt-crisis-signals-collapse-of-social-welfare-state>

Conclusions

List of sources and information