

Political, legal, social factors affecting tesco

[Business](#), [Company](#)



Political Factors

There are various laws nationally and locally which affect Businesses especially large ones such as Tesco and the NHS. International bodies such as the European Union and the WorldHealthOrganization (WHO) effect both Tesco and NHS, however not in the same way.

As Tesco is arguably the largest Supermarket chain in the UK it is always in the spotlight when decisions have to be made. Should Tesco ever decide to open another store or expand an existing one they will have to apply for planning permission and that impacts them as they have to wait and can't do nothing until they get the go ahead.

Also a large issue at the moment is the environmental situation which attracts huge attention and the EU has set a number of laws which Tesco must abide by including:

; How much waste can be thrown away by the business from packaging which was placed as law in 1999 and amended in 2004. This law also helps Tesco to attract customers as if they for instance use less packaging on their Tesco brand Cereal it will them to sell box and help keep them on top of competitors.

; The Hazardous Waste Directive (1998) is another act which impacts Tesco into how they deal with the dangerous waste. If they were for example to throw it into the sea it would put sea creatures under danger and they would have a bad reputation from the unions which look after animals. This law has stopped the freedom that large businesses such as Tesco have had with

dangerous chemicals as before because of their size they were able to do what they wanted but now with the EU looking over the UK they can't.

Also due to the amount of interest that the environment has bought Tesco have to ensure they stay up to date with the latest green ways as they must keep their stakeholders happy such as:

> Customers who want to know what they are buying is not effecting the environment and that they are instead helping it.

> Pressure Groups as they are groups which work to keep the environment clean and can easily give Tesco bad publicity which will take away customers.

> Employees must also be kept happy as they may not work at 100% if Tesco aren't doing their part to look after the planet.

Legal Rights which protect Employees at Tesco

The Employment Act 2002

This act gives employees the right to ask to work flexible hours, and also maternity and paternity leave for mothers and fathers. All employees should be given pay during certain periods of illness. All employees should be told what the consequences are and what will happen if they break the rules.

The Employment Relations Act 1999

This act states that the employees have the right to join trade unions.

The Minimum Wage Act 1998

All adult workers must be paid a minimum wage in the UK according to this act. The minimum wage in the UK for adults is £5.73. Legal Rights

All employers and employees are protected by the different laws which have been passed by the government.

The Equal Pay Act 1970

This act means that employees who are doing the same work as the opposite sex are entitled to equal rates of pay.

The Sex Discrimination Act 1975

This act is introduced to ensure that both sexes are treated equally. All employees are protected against discrimination over gender, race and disability. The Sex Discrimination Act states that it is unlawful for someone to be discriminated against because of their gender.

The Health and Safety at Work Act 1974

Organisations must produce a health and safety policy requiring employers and employees to create a place of work which is both safe and healthy. The employers must provide suitable training in health and safety. Employees are obliged to report any potentially hazardous situations or actions and follow all the company guidelines.

The Data Protection Act 1998

This act is so the employees can look up any previous business documents

The Race Relations Act 1976

This states that it is unlawful for anyone to be discriminated against their race. Items that are covered include discrimination on the grounds of race, colour, nationality, ethnic

The European Working Time Directive 1998

This act restricts the number of hours the employee can work. It will also allow employees to take breaks during the day and to also take holidays.

Social Factors

Now also a lot of social factors affect how a business does its activity. This includes:

; Ageing Population

; The Hosting of a major sporting event

Ageing Population

At this current time the age of Britain is increasing with a majority being dependent on working people. With only a small percentage of the population working it is hard for businesses to attract workers and the one way for them to employ workers is to increase wages. Due to this Tesco now look towards the young generation and have graduate schemes to help get

new graduates into work. Also Tesco have 25% of retail workers under the age of 21 which is one of the highest in both the public and private sector.

Hosting of a major sporting event

One of the most effective ways for a business to get publicity is by various ways such as sponsoring and running events. For instance recently Barclays recently bought the naming right to the end of year tennis event and also have the rights to the Premier league in football. Tesco have now learnt from that and are funding Everton FC in making a new stadium. This will help brand the name Tesco as thousands of people watch Everton play.

In order for Tesco to stay up to date in the social market they will need to ensure that they are doing their market research. The market research needs to be done every month and before they get their new batch of products so that Tesco stay up to date. If Tesco cannot supply the market with what the customers are looking for Tesco will then have a loss in sales and also lose in profit. What Tesco need to do is to get products that all different age groups old like to buy and advertise them on either T. V or billboards. Tesco should also have a competitive price.

Another thing from the social factor that affects Tesco is endorsing celebrity images in their advertisements. When a company has a celebrity advertise their products it boosts up the reputation of the products. If the public sees a celebrity like Jeremy Clarkson shopping for the public will then to would want to do the same. Many customers will look for places that they will see celebrities using. What Tesco need to make sure they have got a mascot

celebrity image that promotes their business and products. Tesco needs to find out what sort of products are in demand from their customers and what they will see celebrities with. This will help the Sales of Tesco improve and their profits to improve.

Economic Factors

Exchange Rates

An exchange rate is the value of one currency expressed in terms of another. So £1 may be worth \$2.00 and £1.66. Currencies change in value because there is a change in demand for holding that currency. Households, governments and businesses need other countries currencies to buy their goods and services.

A change in exchange rates might affect Tesco in the following ways:

- * Exchange rates changes can increase or lower the price of a product sold abroad
- * The price of imported raw materials may change
- * The price of competitors products may change in the market

For example an increase in the exchange rate will mean that prices abroad goes up which will lower sales. Or if the price of imported raw materials falls it could either leading to a fall in price and more sales, or an increase in profits.

Interest Rates

Interest rates are the cost for borrowing money. You then have to pay back the original amount plus a charge for borrowing the money. That charge is known as interest. It is a percentage of the original amount. You have to pay the interest either weekly, monthly or annually.

A change in interest rates affects businesses in the following ways:

- * If the business has loans then an increase in interest rates will mean higher repayments, reducing profits.
- * If the business wants to borrow money to expand, they are less likely to go ahead with the project when interest rates increase.

Inflation

Inflation is when prices generally go up, when this happens this will cause customers not to spend as much money and save it up which means the demand for the product will go down. The effect on employees is that they will have to pay more for living and will want higher wages which would mean the business has to increase prices leading to further inflation. The effects on the business may be that they lose customers because of the increase in prices and will have to pay more for their employee's wages.

Globalisation

Globalization is a difficult term to define because it has come to mean so many things. In general, globalization refers to the trend toward countries joining together economically, through education, society and politics, and viewing themselves not only through their national identity but also as part

of the world as a whole. Globalization is said to bring people of all nations closer together, especially through a common medium like the economy or the Internet.

When trading in a business it is important that the business is aware of the state of the economy. Tesco should also take interest in the economical factor it can impact there business in different ways. If a customer from Tesco would like to spend more in their stores this will result in Tesco to make more revenue for richer sounds. If the government decides that they want to raise taxes up. This will then mean that business costs will rise, because the business will need to pay more money to the government in tax from their profits.

Tesco should be aware of the state of the economy in the U. K and the rest of the world. Tesco need to know about all the sorts of economic variables things such as what's happening with key costs such as wages and energy prices. And what is going on with other business. Other business can also affect Tesco because if the suppliers of Tesco are getting effected by the recession and are in risk of getting closed down this can affect them. Tesco will not be able to get supplied by them and will then need to find a new supplier. If they do not then there sales will drop and may be in risk to be closed down.

One thing that has dominated the business and the news is the credit crunch this has impacted on all business. This has also left a very large impact on the Tesco as a business. The reason for this is because Tesco will have to buy their goods from suppliers. So therefore they have to pay for the goods,

but then the problem comes when they come when they are selling the goods due to the credit crunch people would like to pay a much lower price than listed. This is because people cannot afford to pay much for their products and would like to get everything at a cheap price. This then means that Tesco will lose in sales and also lose in profit. Also interest rate this will make a large effect on the business this is because when interest rates go low and Tesco takes a loan out on the period of time they will then pay less interest on their loan.

Due to the credit crunch taking place Banks are not lending much money to people. This will now mean that Tesco will not have that extra money to trade with. If Tesco go into a time where they are in need of money and would like to lend it from the banks they will have difficulty taking out the loan. This may mean that price may have to be raised which will mean customer may not purchase which will end up for losses for the organisation. Another thing that can affect richer sound is consumer confidence. Since the public is having a difficult time finding jobs and holding onto their jobs people. Due to this people do not want to spend money on items. The outcome of people not spending money on products affects richer sounds. Tesco will not get many customers as usual which will result in the businesses losing profit.

Impact on Tesco

The impact that Tesco have from external influences are that if one of their competitors reduces their prices Tesco would have to do the same in order to keep their customers, which could reduce profits. Also if one of the

competitors of Tesco was to move near to them they would have to either lower prices or have a wider range of products. They would also have to advertise and promote more of their goods to influence customers to go to them rather than the competitor.

Tesco now try their best to keep the noise pollution and safety hazards as low as they can especially with employees being able to sue the business. It will also help attract customers because it shows they are trying to help the community. If Tesco were not to help the community they would lose customers and eventually not make any profit. Air pollution is a problem for Tesco because they import and export from all around the world which has caused Tesco to minimise their transporting of goods because it would lead to people complaining. This would decrease sales and profit.

Tesco can benefit by changes in the exchange rate when they import raw materials from other countries because it would be cheaper for them which would mean a bigger profit. If the exchange rate was to decrease importing goods would cost more but as Tesco are a worldwide business exporting would be cheaper. Inflation is important for Tesco because if it rises prices and the wages of customers would increase, lowering sales and profit. But if it decreases then they would maximise sales but not make as much profit.

I think that Tesco could compete better by having a better quality of products and advertise them more on billboards or on the Internet because it is cheap and more people look at them. They should also widen their marketing group to children more than they do now. Plus if Tesco's customer

service is better customers would feel comfortable and would speak their mind which is Tesco's mission statement.

If the exchange rate was to increase then Tesco would import more because it would be cheaper and they would make a profit. Even if it was to decrease Tesco would be able to export their goods for cheaper. Tesco would increase the prices of goods and services or decrease it depending on inflation. If it increases they would give a better quality so customers remain happy.

Tesco are now dealing with the environmental constraints by recycling 80% of waste from the store and also made their carrier bags degradable and also offer deals to customers who use the bag again. They also aim to by 2010 to reduce the amount of energy used than they did in 2000, and are investing heavily in renewable energy sources.

The NHS

The three external factors that I have chosen for the NHS are:

Political factors

The political factor affects the NHS's functional areas. The functional areas that the political factor affects are the pharmacy and the intensive care. The political factor affects the pharmacy because due to the health and safety at work law employees must be qualified to handle medicine and they must also wear protective clothing so that they do not contaminate the medicine. The political factor affects intensive care because the employees must be

given health and safety equipment and they must be able to work in a clean environment.

The political factor will also affect some of the stakeholders of the NHS. The stakeholders that the political factor affects are the government and the customers/patients. The political factor affects the government as the government is the owner of the NHS and they supply the NHS with funds. Therefore the more employees the NHS the more funds the government will have to spend on wages and on health and safety equipment/clothing. The political factor affects the customers/patients as if they want to get strong medication they can't because it has to be prescribed by a doctor and only then can the customers/patients get strong medication.

Economic factors

The economic factor affects the NHS's functional areas. The functional areas that the economic factor affects are patient transport services and the pharmacy. The economic factor affects the patient transport services because without the funds that come from the government the transport services would not be able to the members of the public. Therefore without the funds from the government to the NHS there would be no patient transport services available. The economic factor also affects the NHS's pharmacy as the NHS buys medicine with the money that they get from the government just like they do with patient transport services.

The economic factor will also affect some of the stakeholder of the NHS. The stakeholders that the economic factor can affect are the employees and the

government. The economic factor will affect the employees as if the government gives fund to the NHS and the NHS does not have enough money to pay the employees, therefore if the NHS does not have enough money to pay the employees that some of the employees will get sacked. The economic factor will also affect the government as it is the government that pays the NHS funds so if the government does not pay the funds then the NHS would not exist.

Technological factors

The technological factor affects the NHS's functional areas. The functional areas that the technological factor affects are the intensive care and x-rays. The technological factor affects the intensive care because without the technology that the NHS buys with the governments funding there would be no intensive care because there is a lot of hi-tech machinery used for help people with serious problems and without technology there would be no machinery so therefore the technological factor affects the NHS in a big way. The technological factor also affects the x-rays department within the NHS because technology is needed to take x-rays. Therefore without the technology that the NHS buys people would not know what is wrong with them. For e. g. if someone has a broken bone they would have to check with an x-ray.

The technological factor also has an effect on the NHS's stakeholders. The stakeholders that the technological factor has an effect on are the customers/patients and the government. The technological factor affects the customers/patients as they will be happy about the government giving the

NHS money to buy state of the art/hi-tech machines for the local community's health and wellbeing. So therefore buying state of the art/hi-tech machinery or equipment will improve the NHS's customer satisfaction. The technological factor will also affect the government because it is the government that will give the funds to the NHS to buy the machinery or equipment. So therefore the technological factor will affect the government as it will cost the government more money to buy the state of the art/hi-tech machinery.

The external factors that affect the stakeholders are:

Employees

The political factor affects employees as they will have to be treated with rights such as health and safety rights of the employees. The economic factor affects the employees as if the organisation does not make enough money then some of the organisations branches might close down (this could also be due to the credit crunch) therefore the employees will lose their jobs. The technological factor affects the employees as if the organisation buys new machinery the employees may need training on how to use it.

Customers/Patients

The political factor affects customers/patients as the organisation will have to treat their patients/customers properly just as the law states. The economic factor affects the customers/patients as if the organisation does not make enough money then some of the organisations branches might

close down therefore the customers/patients will have to find another health service. The technological factor affects the customers/patients as if the organisation buys new machinery the customers/patients will get better treatment and faster treatment.

Suppliers

The political factor affects the suppliers as they will have to deliver items to the NHS in a safe place so that the suppliers don't get injured. The economic factor affects the suppliers as if the organisation does not make enough money then some of the organisations branches might close down therefore the suppliers will earn less money and also the NHS may want the suppliers to lower the cost of their products. The technological factor affects the suppliers as it will be that suppliers that will supply the NHS with new machinery that the NHS has ordered.

The Local Community

The political factor affects the local community as they are the customers and employees of the NHS, the NHS will have to treat them properly including with the health and safety law. The economic factor affects the local community as if the NHS does not make enough money then some of the organisations branches might close down therefore the local community will have to find another health service and some local community members may have been employees so they will have to look for another job also. The technological factor affects the local community as new technology will improve health in the local community.

The Government

The political factor affects the government as they will have to pay for items that will make the NHS' working environment safe for their employees and also for their customers. The economic factor affects the government as if the government that will have to pay for everything that the NHS buys. The technological factor affects the government as if the government that will buy and pay for new machinery.

Media and the press

The political factor affects the media and the press because if an employee hurt him/herself then the NHS has not got the proper safety equipment and working environment for their employees therefore the media and the press will let the rest of the local community know by broadcasting on the news and by printing it on news papers. The economic factor affects the media and the press as they may not make enough money to broadcast or print newspapers about the NHS. The technological factor affects the media and the press as with the new technology the media and the press will be able to spread new faster.

Trade Unions

The political factor affects trade unions as they will look for employees that are not being treated with rights such as health and safety rights. The economic factor affects the trade unions as employees may come to the trade union about wanting more pay. The technological factor affects the trade union as if the NHS buys new equipment or machinery and an

employee seriously hurts themselves then the trade union would try and sort things out. Therefore because of all these external factors the trade union has a lot more work to do.

Carers

The political factor affects carers as they will want the patient that they are caring for to be treated with rights such as health and safety rights. The economic factor affects the carers as if the organisation does not make enough money then some of the organisations branches might close down therefore the carers have to find other health services to put the patients. The technological factor affects the carers as if the organisation buys new machinery the carers would want the employees to know how to use the machinery before they use it on a patient.