

External influences in business

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There is also a government influence on markets trying to encourage, promote or shape the future, for example, by: Employment policy: Governments play a most important part in trying to stimulate employment. For all job seekers, the government has created what is called 'The New Deal', offering people the chance develop their training. It also helps them to practice on different government funded and sponsored employment schemes. Education and training policy: Education and training in the I-J provides a valuable contribution to business.

The overspent plays an important part in forcing through education and training changes, for example by creating more Vocational Subjects in the school curriculum. International policy: The government can encourage trade, deject goods coming in from other countries (import) and promote sales of British goods abroad (export). Environmental Issue Let's look at an environmental issue caused by the business 'KEA. The company's values were challenged when KEA was confronted with environmental concerns during the sass.

Kike's problem was from the use of formaldehyde in the reduction of particle boards for furniture, which are an essential tool in Kike's cost cutting strategy. Formaldehyde is a colorless gas used in the manufacturing process. It is naturally occurring and is not harmful to animals or plants, however, it can cause an allergic reaction if in contact with skin or if inhaled. In high doses over a long period of contact, formaldehyde is assumed to be carcinogenic. As a result, KEA was fined by the government, who also took the opportunity to use such a high profile company to publicize the new regulations.

The government's interest lies in ensuring that these regulations are met by law. By being given the opportunity to publicize the KEA incident they were able to further communicate their message to the public and to other businesses. This harmed Kike's name and sales dropped by 20% (Denmark). An incident such as this means additional time and costs for a company. To re-establish customer trust and promote social responsibility, KEA worked closely with groups such as World Wildlife Fund (WFM), Greenback and Forest Stewardship Council.

WFM and Greenback may even be more proactive than KEA to create such legislations because it is important for them to spread their environmental message. For this reason it is important that KEA keeps a positive and long term relationship with such organizations. This will help protect the interests of Greenback and WFM while enhancing Kike's public image by being on the front lines of environmental movements. It is essential that KEA can guarantee long term success for their suppliers by pushing them ahead of the curve on global advances and process development, KEA will be seen as a long term loyal partner.

Technological change I will now look at RIFF (Radio-frequency Identification) which is an automatic goods identification method planned to be used in 'KEA. This technology could give several benefits such as reducing waste in the supply chain, lowering inventory levels and improving safety. The biggest disadvantage of working with technology like RIFF is the heavy investment and capital required for it to function in the market, which can amount to millions of pounds. The cost of technology is huge in

implementing RIFF. Though RIFF saves cost in the long term, initially it is very expensive.

If KEA considers RIFF, its other expansion plans might be hindered as they may not have enough funds to simultaneously spend on both RIFF and other growth investment projects such as international expansion. They will need to have a detailed finance plan and clear cash flow forecast. Also, the RIFF technology is something that consumers may not be familiar with. For example, if the customer does not know how to use the product, it could be a huge privacy concern for consumers, as even after purchasing the product they may continue to be tracked.

This could also be a concern for human rights. I conclude that KEA would like to use RIFF to enhance and optimize its supply chain. RIFF is important as it reduces the labor cost, increases visibility and improves investment management. But, at the same time, it is very costly to implement which could force the firm to compromise in other areas. There are also privacy issues which are difficult to manage. They would need to provide new training programs for employees and communicate with customers, giving them the option to use RIFF or stick with an usual purchasing way.