

# GCSE Business

Understanding external  
influences on  
[Sustainable]  
businesses



# Sustainability & Business

Sustainability in business refers to a company's strategy and actions to reduce negative environmental and social impacts resulting from business operations in a particular market.

## SUSTAINABLE FASHION



Care for the Earth



Respect Workers



Trade Fair



Mend and Repair



Reuse, Swap,  
Donate

# Understanding external influences on [Sustainable] businesses

In this lesson, you are going to learn about external influences on businesses, in the context of sustainability.

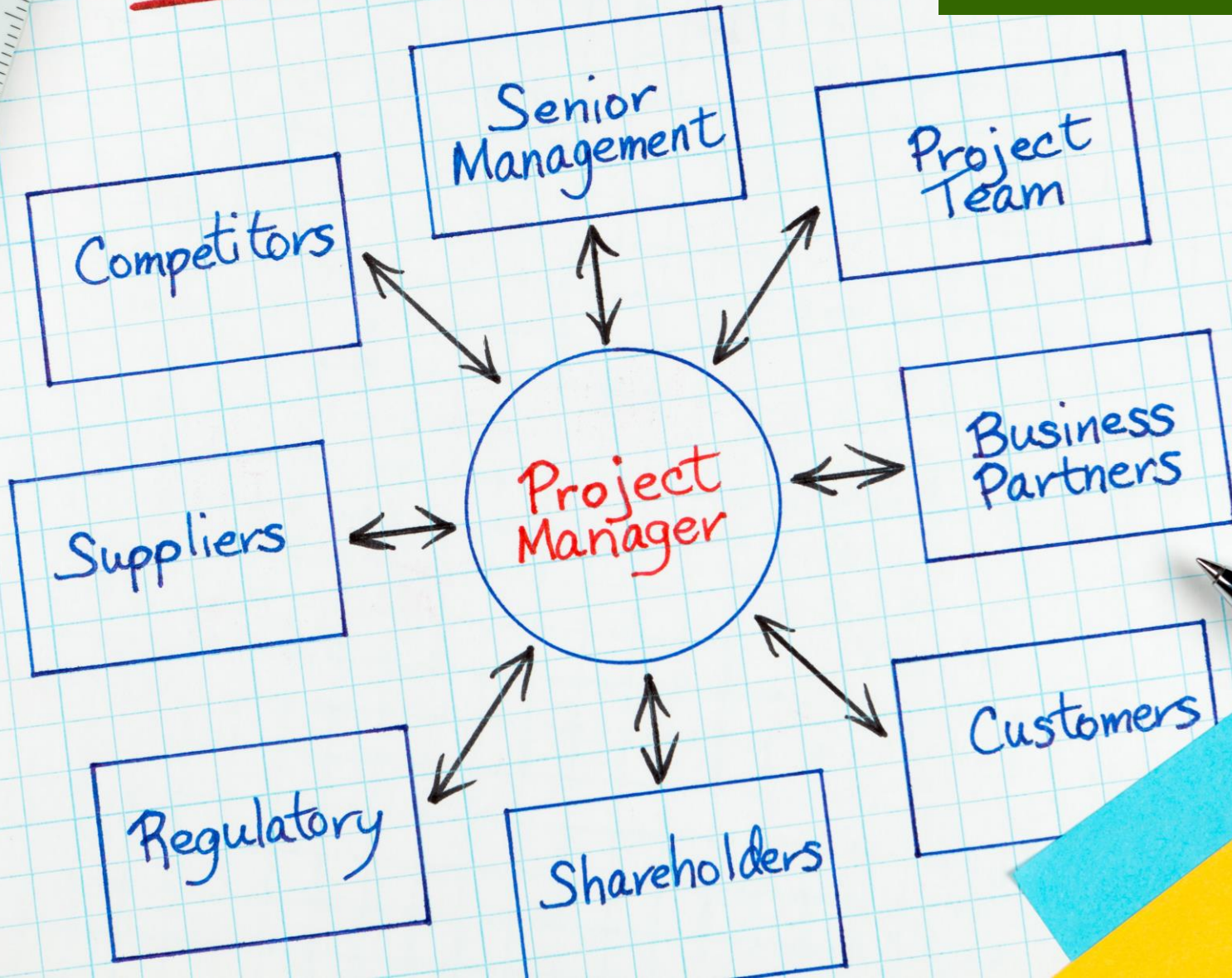
We will cover how different stakeholders can pressure businesses into taking action on sustainability issues, how sustainable and climate focused legislation is impacting UK businesses, and how businesses are adapting and changing as a reaction to climate change.

|                                   |  |
|-----------------------------------|--|
| 1.5.1<br>Business stakeholders    | <p>Who business stakeholders are and their different objectives:</p> <ul style="list-style-type: none"> <li>shareholders (owners), employees, customers, managers, suppliers, local community, pressure groups, the government.</li> </ul> <p>Stakeholders and businesses:</p> <ul style="list-style-type: none"> <li>how stakeholders are affected by business activity</li> <li>how stakeholders impact business activity</li> <li>possible conflicts between stakeholder groups.</li> </ul> |
| 1.5.3<br>Legislation and business | <p>The purpose of legislation:</p> <ul style="list-style-type: none"> <li>principles of consumer law: quality and consumer rights</li> <li>principles of employment law: recruitment, pay, discrimination and health and safety.</li> </ul> <p>The impact of legislation on businesses:</p> <ul style="list-style-type: none"> <li>cost</li> <li>consequences of meeting and not meeting these obligations.</li> </ul>   |
| 1.5.5<br>External influences      | <p>The importance of external influences on business:</p> <ul style="list-style-type: none"> <li>possible responses by the business to changes in: technology, legislation, the economic climate.</li> </ul>   |



# PROJECT STAKEHOLDERS

Stakeholders



# What different types of stakeholders are there?

A **stakeholder** is... anyone who has an interest in what a business does.

The most obvious stakeholders are the **employees** and the **customers**.



**Employees**

Employees do the work. Good employees help to achieve the aims and objectives of the business. Employees provide the customer service and can directly influence sales. Employees require pay, and they benefit from rewards when they do their job well.

**Customers**

Customers buy the business's products and services, also known as sales. Customers can influence the quality of the business's products or services through feedback or how they talk to potential customers about their experience (word of mouth).



# What different types of stakeholder are there?

There are many more stakeholders beyond employees and customers though...



**Suppliers** provide goods or services to the business. Business's require good relationships with suppliers to negotiate payment agreements and delivery times.



**Managers** are senior employees within a business. They influence how well employees work, and often have direct responsibility for meeting aims or objectives.



**Shareholders** own part of the business through shares they have invested in. They take a share of profits out of the business, and profit when they sell shares for more than they bought them for.



**Government** is responsible for running the country, and influences all aspects of how businesses operate, from levels of tax to employment rights of employees through legislation and law.

# What different types of stakeholder are there?

Pressure groups are groups of people who have joined together to influence government and businesses around a specific cause. These include issues around ethics, animal testing and the environment.



## **Discussion**

What issues have recently made the news involving a pressure group?

Prepare to share these back to the class.

# Case Study: Green credential stakeholders

## Case Study practice

In pairs, read the case study about leading UK retailers. Find answers to the following two questions:

1. Who are the stakeholders identified in the article?
2. What was the CMA's criticism about the information the businesses were providing to customers?

## Exam style question:

3. Explain the role of pressure groups in influencing what businesses do about their environmental impact.

Asos, Boohoo and George pledge clarity on green credentials after CMA probe



Asos, Boohoo and George at Asda have pledged to make only "accurate and clear" environmental claims following an investigation into possible greenwashing by the UK's competition watchdog. The agreements from the fashion retailers are the latest step in a wide-ranging clampdown on eco claims made by consumer-facing companies in the UK from the Competition and Markets Authority, which is also looking at products such as soap and toiletries.

Sarah Cardell, chief executive of the CMA, said the voluntary pledges were a "turning point" for the industry, and that "millions of people who shop with these well-known businesses can now have confidence in the green claims they see". The CMA said the three companies had committed to making clear statements about the fabrics they use, including whether the materials meet the criteria to be labelled as recycled or organic, and to update the watchdog regularly on their compliance. The agreements also prevent the retailers from using "natural" imagery such as green leaves to make items look more environmentally friendly than they really are.

The CMA opened the investigation into the retailers in 2022, after identifying concerns that the eco-friendly language they were using was "too broad and vague", and there was a lack of information provided to customers, such as a failure to indicate what fabric a product was made from. The watchdog said collections such as Asos's "Responsible Edit" or Boohoo's "Ready for the Future" range, may have created the impression that the products were more sustainable than they really were.

The CMA also issued an open letter to fashion retailers on Wednesday urging them to adhere to its Green Claims Code, which it introduced in 2021 to help ensure groups adhered to consumer law. The CMA said the agreements with the three companies should act as a benchmark for the rest of the industry. "The commitments set a benchmark for how fashion retailers should be marketing their products, and we expect the sector as a whole — from high street to designer brands — to take note and review their own practices," said Cardell.

The step-up in regulatory scrutiny comes as shoppers' preferences have shifted to favour goods they perceive as eco-friendly or natural, prompting companies to alter their advertising, packaging and product ranges. The fashion industry in particular has drawn criticism from campaigners for its heavy reliance on petrochemical-derived materials such as polyester, and for the fast-fashion commercial model, which encourages overconsumption and waste. The sector is estimated to be responsible for 10 per cent of global carbon emissions, more than flights and shipping combined, according to the European Environment Agency.

Full article: <https://www.ft.com/content/144a4b-083a-4a8f-929f-dd97b6a30ec0>  
This abstract has been adapted from the Financial Times, written on March 27<sup>th</sup> 2024.

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## Legislation & Business

# Legislation

Legislation is regarded as government, which are of to regulate, to proscribe, to sanction, to authorize, separation of powers.

# Climate legislation

**Legislation** means the laws of a country which impact how businesses trade their products and services.

- They protect the rights of the consumer (consumer law)
- They protect the rights of both the employers and employees (employment law)



Implemented



Ongoing



Climate Change Act 2008

An Act to set a target for the year 2050 for the reduction of targeted greenhouse gas emissions; to provide for a system of carbon budgeting; to establish a Committee on Climate Change; to confer powers to establish trading schemes for the purpose of limiting greenhouse gas emissions or encouraging activities that reduce such emissions or remove greenhouse gas from the atmosphere; to make provision about adaptation to climate change; to confer powers to make schemes for providing financial incentives to produce less domestic waste and to recycle more of what is produced; to make provision about the collection of household waste; to confer powers to make provision about charging for single use carrier bags; to amend the provisions of the Energy Act 2004 about renewable transport fuel obligations; to make provision about carbon emissions reduction targets; to make other provision about climate change; and for connected purposes.

# Climate legislation

The UK government have numerous policies which prioritise climate change impact. They include:

*Green finance strategy*  
*British Energy Security strategy*  
*Transport decarbonisation strategy*  
*Industrial decarbonisation strategy*  
*Hydrogen strategy*  
*Heat and building strategy*  
*Energy net zero white paper*

**Research Task:** Use ChatGPT to generate a summary of one of the above government policies using the following two prompts in order

**Prompt 1:** Summarise the UK government “INSERT NAME” policy

**Prompt 2:** Reproduce this summary so that it is suitable for 14-16 year old learners



# The impact of legislation on a business

UK businesses are impacted by legislation. This includes an impact on:

1. Cost.
2. Not meeting obligations.

Using your summary, describe the potential impact of cost and of not meeting obligations by a business.

For example (provided by ChatGPT):

The UK government's "Green Finance Strategy" is all about getting money to help the environment. They want to make sure that banks and investors use their money to support clean and green projects. This includes things like building wind farms or improving public transportation to reduce pollution. The government will set up a special institute to help with this, and they'll also sell "green bonds" to raise money for these projects. They'll also make it mandatory for companies to tell everyone how their business affects the environment. Overall, the goal is to make it easier for people to invest in things that help the planet and make our world a better place.

UK businesses will incur a cost when they buy green bonds to carry out any business activity which negatively impacts the environment. Businesses will be required to communicate their impact on the environment and may be punished for not doing this or if they make false claims. Businesses might find it easier to convince investors to put money into their business activity if they do something that has a clean and green focus.

A person with brown hair in a ponytail, wearing a dark green jacket, is seen from behind, holding a large cardboard sign high above their head with both hands. The sign has the words "WE NEED A CHANGE" written in bold, black, hand-painted capital letters. The person is standing in a large, crowded outdoor area, likely a park or plaza, with many other people in the background. Some people are also holding signs, though they are out of focus. In the far background, there are modern buildings and trees under a clear sky. The overall scene suggests a large-scale protest or demonstration.

**WE NEED  
A CHANGE**

**External Influences**

# Climate Change and changing products

Many sectors are reacting to the climate change concerns of their customers by changing their products and services.

**Car manufacturers** are increasing their production of electric vehicles, hybrid vehicles, and petrol vehicles with lower emissions.

**Food manufacturers** are acting more responsibly when selecting crops to produce. This includes crops resistant to drought, that use less water, or involve lower carbon producing processes. Reducing packaging, shipping and distribution distances, and wastage are also important priorities.

**Clothing manufacturers** are looking to recycled materials such as plastic waste as sources to make new textiles. Reducing water usage and increasing the use of organic and sustainable cotton or bamboo are also strategies which can reduce emissions during production.



# Explore a sector of your choice

Choosing one of the three sectors below, find a business which has strong messaging about their products or services, which are as a reaction to climate change, and create a presentation about it for the class.

Changes may include in reaction to emissions, waste, consumer behaviour, heatwaves, temperature (land or water), water usage, or any part of the production lifecycle.

Choose from:

**Cars**

**Food**

**Clothing**

## **Information to find:**

1. What products/services do they offer?
2. What products/services are they offering less of?
3. What are the priorities of the business?
4. What technology, legislation or climate change are they reacting to?

## **Even better if...**

5. Find out what impact this change has had so far on the business.



Presentation time

# [Sustainability] & Business

