2.5

Exploring Business

Impact of Organisations

Learning Outcome Notes

LO 2.5 - Investigate the positive and negative impacts on a community of an organisation from an economic, social and environmental perspective

CHAPTER QUESTIONS

1. Explain the benefit organisations have on the economy, society, and the environment?
2. Describe the negative impact organisation has on the economy, society, and the environment?

TYPES OF IMPACT

There are 2 types of Impact a business can have. These are -

Positive Def — This is when the business benefits the community. These are the good things that can be provided.

Negative Def — This is when the community suffer a loss or cost. These are the bad things that can happen.

TYPES OF ORGANISATIONS

There are two types of Organisations. These include the following -

Commercial Def — This is a business that is set up to make money. Most business are set-up to do this – For example Supermarkets – Dunnes stores

Non-commercial Def — This is a business that is set up for other things than making money. They are set up to provide a service or solve a problem in Society. It includes Charities who provide different service to communities.

These types of Business can be Local, National and Global or International

Local	National	Global
Local Shops	GAA	Apple
	Tesco	Google
	Jack and Gill Foundation	Concern

ECONOMIC BENEFITS OF ORGANISATION

This looks at the financial and wealth benefits that a community get from an organisation setting up there. The following are some of the benefits –

1. <u>Employment</u>

Organisations provide jobs and employment opportunities for people, which helps to reduce unemployment rates and increase economic activity. Employment opportunities can lead to increased job skills and career advancement, which can lead to higher wages and better overall economic well-being.

2. <u>Tax Revenue</u>

Organisations contribute to the tax revenue of a country. They pay taxes on their profits, which goes towards funding government programs and services such as health, education, infrastructure, and public safety. This tax revenue helps to support the economy and improve the quality of life of citizens.

3. <u>Improved Standard of Living</u>

Organisations contribute to the improvement of the standard of living of individuals and families by providing goods and services that people need and want. They create products and services that make life easier, more efficient, and more enjoyable, such as food, clothing, housing, transportation, and entertainment. Employees will have more money which will lead to a better standard of living.

4. <u>Economic Growth</u>

Organisations can stimulate economic growth by investing in new technologies, products, and services, which can lead to new jobs, increased productivity, and increased consumer spending. Economic growth can lead to increased wages, higher standards of living, and an overall increase in the well-being of a society. It will lead to an increase in the amount of goods and service produced from one year to the next. This is a positive for economic growth.

5. <u>Balance of Payments</u>

Organisations can help to improve a country's balance of payments by exporting goods and services to other countries. This can help to increase revenue and reduce the trade deficit. This results in the money coming into Ireland and not leaving the country (Total Exports – Total Imports). By increasing exports, organisations can create new jobs and contribute to economic growth, which can lead to a stronger economy overall.

Overall, organisations play a critical role in promoting economic development and improving the standard of living of people. They create jobs, contribute to tax revenue, improve the quality of life of citizens, promote economic growth, and help to balance a country's payments.

SOCIAL BENEFITS OF ORGANISATIONS

This is how an organisation improves the lives of the community and the stakeholders of a business. Some of these benefits include the following –

1. <u>More Local Services</u>

Local service like banking, financial services and shops be needed will increase because the organisation will need to use these services. Organisations can contribute to this by investing in creating jobs and supporting these businesses. More local services can help to improve the quality of life of residents and make more attractive places to live.

2. <u>Increase Choice. Low Prices</u>

Organisations can increase choice and lower prices by creating competition in the market. By offering a range of products and services at competitive prices, organisations can provide consumers with more options and make goods and services more accessible to a wider range of people.

3. <u>Promotes Enterprise Culture</u>

Organisations can promote an enterprise culture by fostering entrepreneurship and innovation. By creating an environment that supports small businesses and startups to open (Coffee Shops), This can lead to increased economic opportunities for individuals and families, which can improve their overall well-being.

4. <u>Improved Quality of Life</u>

Organisations can improve the quality of life of individuals and families by providing goods and services that meet their needs and wants. More Business and service may be set up – theatre, libraries and clubs. This can bring a better quality of life by creating products and services that improve health, education, and overall well-being. This can lead to increased happiness, satisfaction, and overall well-being.

In summary, organizations can contribute to social benefits by promoting more local services, increasing choice and lowering prices, promoting an enterprise culture, and improving the quality of life. By doing so, they can create positive social impacts and build trust with their stakeholders.

ENVOIRNMENTAL BENEFITS OF ORGANISATIONS

An organisation setting up in a community can have a positive impact on natural resource and the physical surroundings. Organisation are starting up to use more clean technologies which are more sustainable. Some of these benefits include –

1. Sustainable Operations

Organisations can promote sustainable operations by reducing their carbon footprint and minimising their environmental impact. This can be achieved by implementing eco-friendly practices, such as reducing energy and water consumption, minimising waste production, and using renewable energy sources. By promoting sustainable operations, organisations can help to preserve natural resources and reduce the negative environmental impacts of their operations.

2. Recycling Facilities

Recycling facilities allow organisations to reduce waste production and promote sustainable practices. By implementing recycling programs, organisations can divert waste from landfills, and reduce greenhouse gas emissions associated with waste disposal. Recycling facilities can also help to create new jobs and stimulate economic growth by promoting the recycling industry.

3. Energy Efficiency

Energy efficiency refers to the practice of using less energy to achieve the same level of output. By implementing energy-efficient practices, such as using LED lighting, optimising heating and cooling systems, and using energy-efficient appliances, organisations can reduce energy consumption, save money on energy costs, and reduce their carbon footprint.

4. Land Usage

Land usage refers to the way that organisations use and manage land. By promoting land for renewable energy projects, preserving natural habitats, and practicing sustainable agriculture, organisations can help to protect the environment and promote sustainable development. Land usage can also help to prevent soil erosion, and reduce the negative environmental impacts of land use practices.

In summary, recycling facilities, energy efficiency, and land usage can contribute to the environmental benefits of organizations by reducing waste production, conserving natural resources, reducing energy consumption, saving money on energy costs, promoting sustainable land use practices and protecting the environment. By implementing these practices, organisations can create positive environmental impacts and build trust with their stakeholders.

NEGATIVE IMPACTS OF ORGANISATIONS

Some organisations don't treat their stakeholders fairly and the community they are in.

Examples of negative impacts may result in the following -

Customers

1. Producing poor quality and dangerous goods
2. Personal details (Credit card numbers) not protected correctly.

Employees

1. Not having a safe place of work (Hazards in the buildings)
2. Unfair wage – not paying then correctly – not equal.
3. Relocating to another country
4. Reducing employee due to technologies

Suppliers

1. Not paying them on time thus putting them under financial pressure
2. Looking for very large discount from suppliers resulting in them not making a profit

Government

1. Not paying taxes
2. Not following legislation

With society and Local Community

1. Nosie pollution
2. Air pollution which can damage the local community's health.

3. Large multinationals dominating the marketing thus small local enterprise can't compete
4. employees living close to their jobs can put pressure on the renting sector as demand is high.

ECONOMIC NEGATIVES OF ORGANISATION

Some of the economic negatives of an organisation include the following -

1. <u>Job Displacement</u>

While organisations can create jobs and start economic growth, they can also displace jobs in certain industries or regions. For example, if an organisation outsources its production to a different country, it can result in job losses and reduced economic opportunities for workers in the home country. For example, Dell manufacturing in Limerick

2. <u>Environmental impact</u>

Some organisations can have negative environmental impact such as pollution, that can impose costs on society. These costs can be borne by the environment, such as air and water pollution, or by people's health, such as exposure to toxic substances. This can result in reduced quality of life for people living in affected areas and increased healthcare costs.

3. <u>Exploitation of Workers</u>

Organisations can sometimes exploit workers by paying low wages, providing poor working conditions, or violating workers' rights. This can result in reduced living standards and increased poverty for workers, as well as negative impacts on their physical and mental health. For example, Nike and using sweatshops to product their products.

4. <u>Unequal Distribution of Benefits</u>

Organisations can also contribute to unequal distribution of benefits, where the benefits of economic growth and profits are not shared equally among all members of society. This can result in increased income inequality and social tensions. For example, In urban areas such as Dublin, high-paying jobs are in sectors such as finance and technology, while in rural areas and smaller towns, employment opportunities and wages may be lower.

SOCIAL NEGATIVES OF ORGANISATIONS

Some of the Social negative of organisations include the following -

1. Inequitable labour practices.

Some organisations may employ workers on a temporary or part-time basis, without offering benefits or job security. This can lead to income instability, and difficulties in planning for the future.

2. Discriminations.

Organisations may engage in discriminatory practices based on race, gender, sexuality, religion, or other factors. This can result in exclusion of certain groups. The employment equality act should prevent these practices.

3. Excessive executives' pay.

Some organisations may provide excessive compensation packages to top executives, which can exacerbate income inequality and harm employee morale.

4. Negative impact on public health.

Organisations such as tobacco or alcohol manufacturers may produce products that contribute to public health problems such as addiction. This can result in increased healthcare costs and reduced quality of life for affected individuals and communities.

These social negatives can have serious and long-lasting impacts on individuals, communities, and society as a whole. It is important for organisations to take responsibility for their actions and work to prevent these negative impacts through ethical business practices and social responsibility initiatives.

ENVOIRNMENTAL NEGATIVES OF ORGANISATIONS

Organisations can have various negative impacts on the environment, including:

1. Pollution

Organisations may release pollutants into the air, water, or soil, which can harm human health, and wildlife. For example, factories may release toxic chemicals into nearby waterways, which can contaminate drinking water and harm aquatic life.

2. <u>Resource depletion</u>

Organisations may consume natural resources such as timber, minerals, and oil, leading to depletion of these resources and potentially irreversible damage to ecosystems. For example, clear-cutting forests can lead to soil erosion and loss of habitat for wildlife.

3. <u>Carbon emissions</u>

Many organisations, particularly in the transportation and energy sectors, contribute to greenhouse gas emissions that contribute to climate change. This can have serious long-term impacts on the environment, including rising sea levels, and increased extreme weather events.

4. <u>Waste generation</u>

Organisations may generate significant amounts of waste, including hazardous waste, which can pose risks to human health and the environment. For example, improper disposal of electronic waste can lead to contamination of soil and water resources.

5. <u>Habitat destruction</u>

Organisations may engage in practices that destroy habitats, such as wetlands, forests, and coral reefs. For example, mining operations can destroy habitats for endangered species and disrupt the balance of nearby ecosystems.

These environmental negatives can have serious and long-lasting impacts on the environment and on human health. It is important for organisations to recognise and address these issues through sustainable and responsible business practices, including reducing waste, conserving resources, and reducing carbon emissions.

JUDGING THE SUCCESS OF AN ENTERPRISE

Profit is not the only way to judge the success of a business. The success of a business can be judged in a number of ways, depending on the perspective of the stakeholders involved. Here are some common metrics used to evaluate the success of a business:

1. <u>Financial performance</u>

This is often the main measure of success for business. Financial performance can be measured using revenue growth, profitability and return on investment (ROI).

2. <u>Customer satisfaction</u>

The satisfaction of customers is critical to the success of any business. Customer satisfaction can be measured through customer feedback surveys, ratings and reviews, and repeat business.

3. <u>Employee satisfaction</u>

Employee satisfaction is important for creating a positive work environment and retaining talented employees. Employee satisfaction can be measured through employee turnover and absenteeism.

4. <u>Social responsibility</u>

Businesses can be judged on their commitment to social responsibility and sustainability, including their impact on the environment, treatment of workers, and contributions to the local community.

5. Innovation

Successful businesses often demonstrate a commitment to innovation and the development of new products or services. This can be measured through patent filings, research and development spending, and any awards they have received.

Ultimately, the success of a business will depend on a combination of these factors, as well as the specific goals and objectives of the stakeholders involved. It is important for businesses to regularly evaluate their performance and make adjustments as needed to ensure continued success.