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| ***External influences – Social and demographic*** |

**Introduction:**

* A brief introduction to society and demographic changes
* p.96-97

The structure of **society** is constantly evolving. The changes occurring in many countries include:

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* **Ageing** population – low birth rate for developed countries
* Changing role in society for **women**
* Increasing **educational** opportunities – increasing literacy, skilled and adaptable workforces
* Early **retirement** – increased leisure time
* **Divorce rate** increase in many countries – single-income households
* Job **insecurity** often due to globalisation forcing more employees to accept part-time, temporary or zero-hour contracts (no guaranteed work)

**From China’s perspective:**

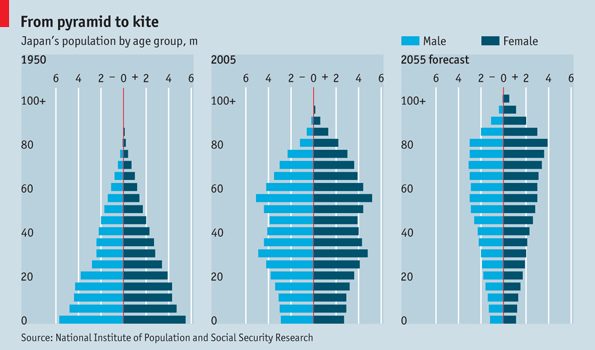
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| ***Factor*** | ***Implications for business*** |
| * *Implications of one-child policy* * *Skewed gender* ***ratio*** *(male to female birth rate)* * *Labour* ***migration*** *– rural to urban/inland to coastal* * *Increasing income and creation of middle-class* * *Expansion of super-rich – largest growing luxury market* * *Grandparents’ involvement in child-rearing* |  |

***An ageing population:***

This means that the average age of the population is **ri**\_\_\_\_\_\_\_. It is often associated with:

* A **larger** proportion of the population over the age of retirement
* **Smaller** proportion of the population in the lower age ranges
* **Smaller** number of workers in the economy, but a larger number of dependants (below working age or retired) – tax burden on society

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| **These changes often result from:**   * *lower* ***birth rates*** *(smaller families, improved birth control)* * *increasing numbers of* ***women*** *in work* * ***longer life*** *expectancy (better health and social care)* * *the working population* ***illnesses*** *and* ***diseases*** *(chronic illnesses from smoking, lack of exercise, obesity, diabetes etc.)* * *more* ***single people*** *(socially acceptable)* * *the cost of* ***raising children*** *(especially multiple children)* |



How could this affect Japan and its businesses?

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**Impact on business:**

* *changing patterns of demand for products (grey consumers – care homes, beach retirement homes, medical devices)*
* *age structure of workforce – increasing retirement age, skills shortage*

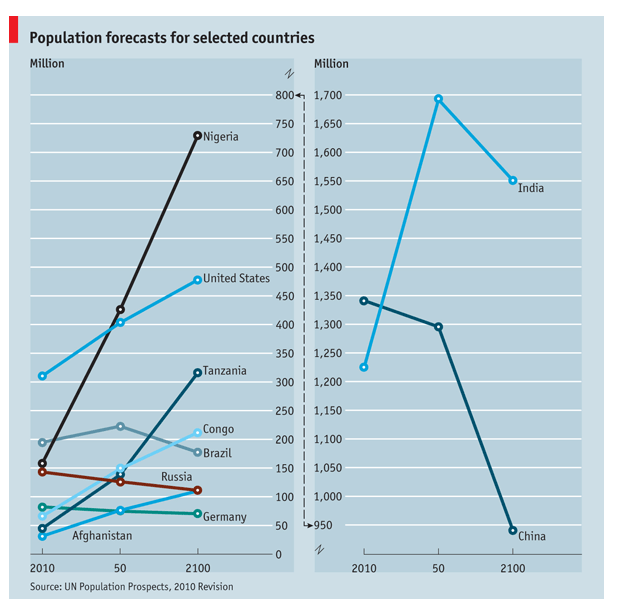
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| **Patterns of employment:**  Changing patterns of employment are one of the constraints on the activities of business:   * labour is a crucial factor of \_\_\_\_\_\_\_\_\_\_\_ and expense, especially in personal service industries (childcare or homes for the elderly)   **The main features of changing patterns in most countries are:**   * *Labour being replaced by* ***capital*** *(especially secondary sector)* * *Transfer of labour from old to new – i.e. steel to computer-games design* * *Increasing number of* ***women*** *employed* * *Increase in* ***part-time employment*** * ***Student*** *employment* * *Temporary and* ***flexible*** *employment* * *Flexible hours* * *Increasing burdens on the health service, pensions, private pension funds and the care industries* * ***Multi-cultural*** *workforce* * *More online work – allows flexibility but also destroys jobs (outsourcing)* |

**Evaluating effects on business of the changes in the pattern of employment:**

Firms can make these changes work to their own benefit, while accepting some of the cost implication of them.

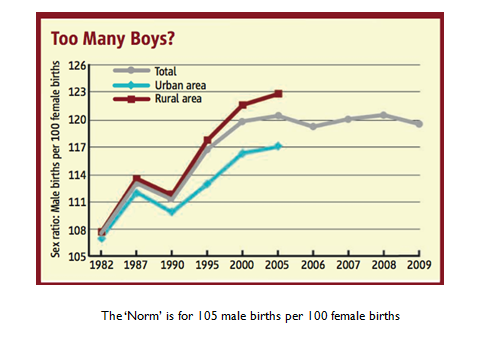
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| Benefits | Drawbacks |
| ***Higher-quality and better-qualified workers should be more efficient…***  ***Part-time workers offer flexibility for firms…***  ***Women can bring diversity and a wider choice of staff…*** | ***…but they expect improved pay and conditions.***  ***…but harder to integrate into a team and may therefore not be so effective***  ***…but increased costs through maternity leave and covering costs*** |

As with all other external influences on business behaviour, the **most** **successful** **firms** will be those that adapt to changes the most quickly and attempt to turn them into their own competitive advantage



Considering the above forecasts: As an MNC who is involved in **cosmetics**, how could the forecast influence your company’s strategy?

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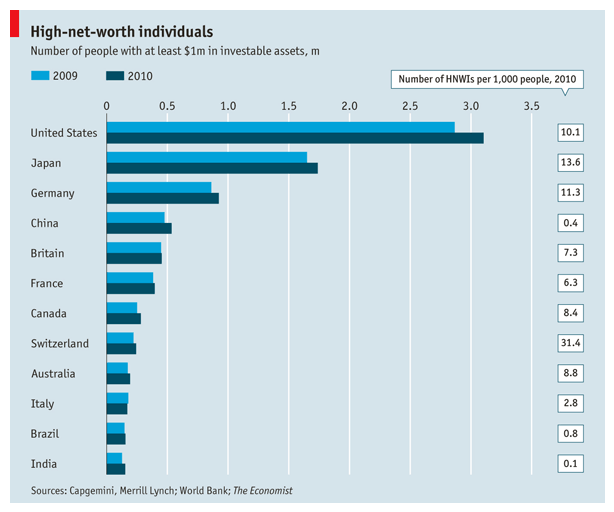


You are a large company (you choose an industry). Given the above data, how will the above affect the company’s future strategy in terms of **product choice**, **labour policy**, **location** and expansion?

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**Activity 6.7 (p.99)**

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| Switzerland has a lot of ‘rich’ people. Is this chart misleading? |

***Worksheet summary quiz and activity:***

1. Explain two ways in which a fast-food restaurant might be affected by an **ageing** **population**.

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1. Suggest how increased **women** in the workforce can affect a firm’s overall strategy.

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1. From a marketing perspective, choose one of social/demographic impacts and describe its potential marketing impact.

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**Summary of the worksheet in your own words (in English and Chinese):**

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*Vocabulary check:*

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| **English** | **Chinese** |
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