

## Topic 4.3

# Sustainable Development – Business Environment

### ● availability of labour N-UNCOUNT

If you talk about the **availability of labour** for a particular task, you mean whether or not there are enough workers available to do that task.

*Obviously, the benefits of producing in this country are low labour costs and rentals as well as the availability of labour.  
...the eminently sound principle that land should be parceled out according to the availability of labor to cultivate it.*

### ● raw materials N-PLURAL

**Raw materials** are materials that are in their natural state, before they are processed or used in manufacturing.

*...the ships bringing the raw materials for the ever-expanding textile industry.*

*Back in 1900, the UK imported raw materials such as raw cotton, wool and silk, and converted them into basic manufactured products for export.*

*Villages became associated with different trades, depending on the availability of raw materials in the area.*

### ● labour costs N-PLURAL

A company's **labour costs** are the money it spends on wages and social security benefits for its employees.

*In Sri Lanka, the labour costs are about a tenth of those in the UK.*

*We know, too, that America's companies are watching their profits shrivel in the face of a slowing economy, rising labour costs and soaring energy prices.*

### Common Collocations

low labour costs  
rising labour costs  
to drive down labour costs

high labour costs  
to hold down labour costs  
to keep down labour costs

### ● green ADJ

**Green** issues and political movements relate to or are concerned with the protection of the environment.

*The company offers advice on a host of green issues – from council waste strategies to nuclear-waste disposal, to recycling and climate change.*

*The power of the Green movement in Germany has made that country a leader in the drive to recycle more waste materials.*

### ● infrastructure (infrastructures) N-VAR

The **infrastructure** of a country, society, or organization consists of the basic facilities such as transport, communications, power supplies, and buildings, which enable it to function.

*The infrastructure, from hotels to transport, is old and decrepit.  
Roads, bridges and other infrastructure have been washed away in the incessant rains.*

### Common Collocations

transport infrastructure  
telecommunications infrastructure  
information infrastructure  
an infrastructure project  
infrastructure investment

### ● political stability N-UNCOUNT

If there is **political stability** in a country, there is a stable government or political system.

*Even though political stability is a major factor in attracting investment, politicians never get any credit.  
...fears over the political stability of Russia.*

### ● income distribution N-UNCOUNT

The **income distribution** in a particular country or area is the way in which the amount of money being earned varies between different groups of people.

*In Britain too, research by the Institute of Fiscal Studies confirms a similar change in income distribution, in which the rich have become richer, while the poor have become poorer.  
...a report on income distribution in OECD countries.*

### ● inflation N-UNCOUNT

**Inflation** is a general increase in the prices of goods and services in a country.

*...rising unemployment and high inflation.  
...an inflation rate of only 2.2%.*

### ● factors of production N-PLURAL

An industry's **factors of production** are the things that it needs in order to produce a particular product, such as land, workers, and capital.

*The natural rates of output and employment depend on the supply of factors of production and technology.*



## PRACTISE YOUR VOCABULARY

1 A UK-based cosmetics company, BodyBeautiful, is thinking of setting up a manufacturing base in Indonesia. They have drawn up a questionnaire to learn more about the business environment. Use the terms in the box to complete the questionnaire.

infrastructure    inflation    taxation    labour    political stability    raw materials  
labour costs    income distribution    green issues

- a Raw Materials
- i Are the \_\_\_\_\_ readily available?
  - ii What is the cost?
  - iii How good is the \_\_\_\_\_ for transportation?
- Is the economy healthy?
- b The Economy
- i How high are levels of \_\_\_\_\_?
  - ii Does the region benefit from \_\_\_\_\_?
  - iii What is the rate of \_\_\_\_\_?
  - iv How even or uneven is \_\_\_\_\_?
  - v Are there any \_\_\_\_\_ we need to consider?
- c Labour
- i Is the supply of \_\_\_\_\_ good?
  - ii Are workers skilled or unskilled?
  - iii How high are \_\_\_\_\_?

2 Look at the six newspaper headlines. For each one say:

- i Which of the three categories above does the news item relate to?
- ii Will production costs be affected positively (lower costs) or negatively (higher costs)?

a Interest rates to fall by 1%

b Oil to run out by 2025

c Government imposes minimum wage of €25 per hour

d New law requiring students to stay at school to the age of 19

e Coup d'état imminent, says UN official

3 Read the paragraph and answer the questions.

Many factors in a business's immediate environment affect the way it operates. The business is influenced by the availability of labour and raw materials, for example, and by the state of the political environment, including the rate of inflation. A plentiful supply of skilled labour improves productivity and the quality of the finished product, and political stability enables a company to operate more effectively and encourages investment in the country's infrastructure. Labour costs and government taxes make an enormous difference to a company's running costs and customer demand is very much affected by the state of the economy.

- a The article begins by listing three factors in the business environment that affect the way a business operates. What are these factors of production?
- b What type of political environment suits the needs of business and the wider needs of the community?
- c In what area does investment increase if the political situation is stable?
- d Which two costs are mentioned in the text?
- e Do you think businesses prefer these costs to be low or not?