

The Effects of Politics, Economics, and Social Issues on Business Strategies

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Developing and maintaining a thriving business involves taking into consideration and planning for a number of influences on that business. Factors that can have an impact on its success include politics, economics, and social issues. First, the business owner must determine the best location. They must think about natural resources needed for production, modes and expenses in transportation, the impact of the business of the local community, seasonal weather conditions for that region, and the political climate (Kourdi, 2009). If products are to be exported out of the country, then there are other considerations, such as trade blocks and cost of exportation, as well as possible restrictions for the kind of product that is to be exported. Domestic and international competition is also a factor. This paper will further explore these factors and their effects on establishing and maintaining a business.

How Politics Affect Businesses

Business investors must always take into consideration politics before deciding on a location. Of course, a business owner should always be aware of how stable a country's political system is. A possible coup or overthrow of a government can mean losing a business to the new political regime. It can also mean seeing property destroyed.

How Economics Affect Businesses

In a less dramatic scenario, businesses are influenced by taxation, government subsidies, exchange rates, building policies, employee policies, and the list goes on (Kourdi, 2009). All rules and regulations governing businesses, whether domestic or

foreign in nature, must be taken into consideration and projections made before deciding on whether to establish a business in a particular geographic location.

How Social Issues Affect Businesses

Before starting a business in a geographic location, investors should test the social climate. Sometimes business owners assume that there is nothing objectionable to their enterprise and are then surprised when their initiatives are blocked. Some issues that may arise include labor laws, regulations controlling pollution, noise level, and preservation of land, just to name a few. Local residents may also have some kind of objection to the products being manufactured or the services being offered. Investors would be wise to conduct some surveys of the local government and community organizations to see what the social climate is towards the proposed business venture.

In conclusion, a tremendous amount of planning must take place in beginning a business enterprise. All factors that can influence the growth of a business should be taken into consideration.

References

Kourdi, J. (2009). *Business strategy: A guide to taking your business forward*.

London: Bloomberg Press.