



What is SLEPT Analysis?

● This acronym stands for:

- **S**ocial
- **L**egal
- **E**nvironmental & Ethical
- **P**olitical
- **T**echnological

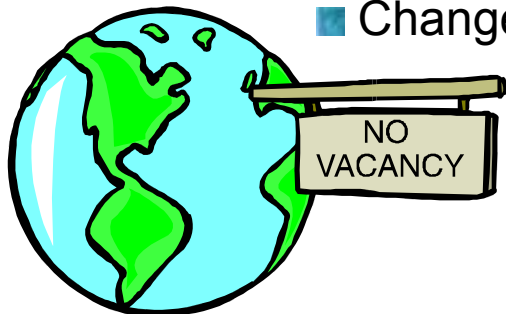


● These are all external factors that affect the running of a business



Social Factors

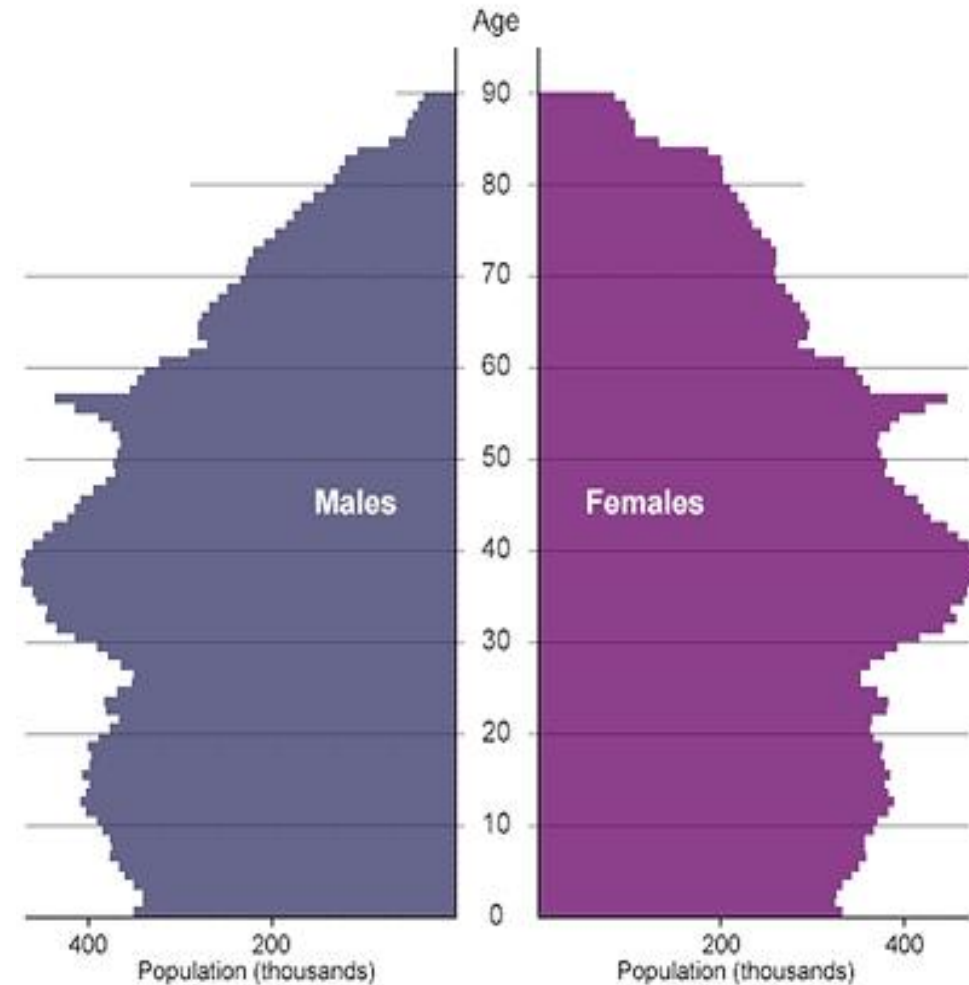
- The main social factor that affects businesses is **demography**
- Demography is the study of the population
- There are 2 areas that businesses are concerned with:
 - **The Working Population**
 - People aged between 16 and 65, who are able to work
 - This is important to firms since it will determine the number of workers available to them
 - **The Population**
 - The number of people who live in a particular country
 - Changes in the population will clearly affect demand





Changes in the UK Population

- The structure of the UK population has changed considerably in the last 40 years
- This can have a major influence on businesses
 - E.g. closure of middle schools
- Use the population pyramid given to list businesses that will (a) do well and (b) suffer because of the current structure of the UK population





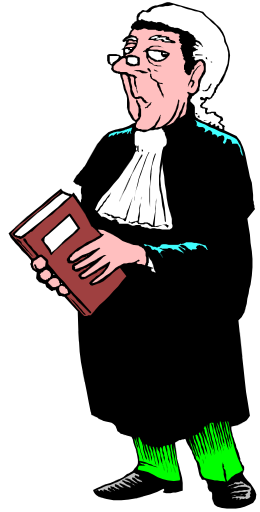
Legal Factors

- Businesses must operate within the law
- Within the UK there are 2 types of law:



Criminal Law
This deals with the relationship between the state and the individual. This area of law usually involves the police.

Civil Law
This deals with the relationship between two parties, and can involve tribunals. This is the type of law that businesses are concerned with, as it deals with breakdowns in communication





Civil Law & Businesses

- Civil law can be administered in a number of ways:
 - **The European Union**
 - Often issues directives which apply to the UK
 - **UK Government**
 - May pass laws that businesses must abide by
 - **“Watchdogs”**
 - Administer law in certain industries, ie OFCOM, OFWAT

- Businesses are largely affected by 3 areas of civil law:
 - Competition Legislation
 - Employment Legislation
 - Consumer Protection Legislation





Competition Legislation

- This type of legislation is designed to prevent large firms exploiting customers

- The main laws are:

- Monopolies and Trade Practices Act 1948
- Restrictive Trade Practices Act 1956
- Monopolies and Mergers Act 1965
- Fair Trading Act 1973
- Restrictive Practices Act 1976
- Competition Act 1980

- Together these laws create The Competition Commission

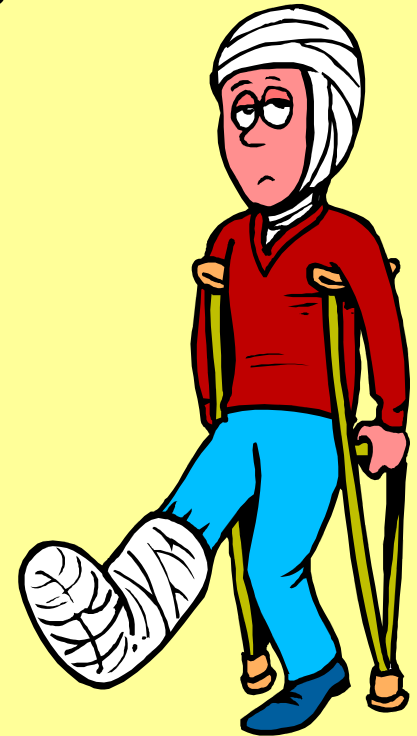




Employment Legislation

● Designed to protect workers, the main laws are:

- Office, Shops and Railway Premises Act, 1963
- Redundancy Payments Act, 1965
- Factories Act, 1961
- Equal Pay Act, 1970
- Health and Safety at Work Act, 1974
- Race Relations Act, 1976
- Equal Pay (Amendment) Act, 1983
- Trade Union Act, 1984
- Data Protection Act, 1984
- Sex Discrimination Act 1975, 1986
- Employment Act 1980, 1982, 1989
- Trade Union Reform and Employment Rights Act, 1993
- Disability Discrimination Act, 1995
- The Working Time Regulations, 1998
- The Minimum Wages Act, 1998

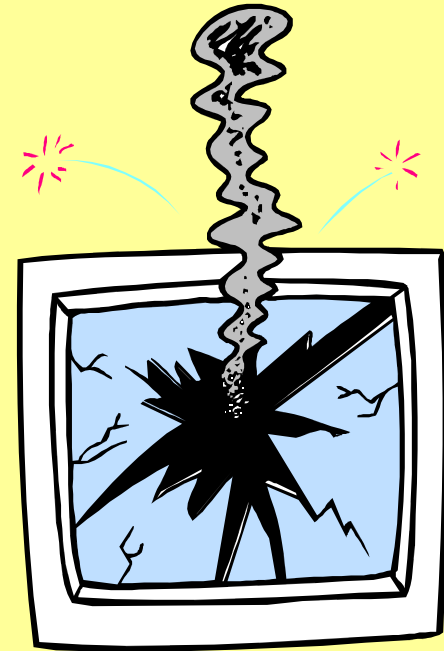




Consumer Protection Legislation

- Designed to protect workers
- This type of legislation will impact largely on marketing
- The main laws are:

- Weights and Measures Act 1951
- Trade Descriptions Act 1968
- Unsolicited Goods Act 1971
- Consumer Credit Act 1974
- Consumer Safety Act 1978
- Sale of Goods Act 1979
- Supply of Goods and Services Act 1982
- Consumer Protection Act 1987
- Food Safety Act 1990
- The Sale and Supply of Goods Act 1994
- Distance Selling Regulations 2000
- The Sale and Supply of Goods to Consumers Regulations 2002





Environmental Factors

- Businesses always incur costs and benefits from their activities
- There is often wider costs and benefits incurred by society
- These wider costs and benefits are called **externalities** and can be either **+ve** or **-ve**
- Therefore we can say:

- **Private costs** = costs related to the production of a product
- **Private benefits** = usually the profits made by a business
- **Negative externalities** = costs paid by society, eg pollution
- **Positive externalities** = benefits gained by society, eg new jobs

- By adding all the costs and benefits together it is possible to calculate the **social costs** and **benefits**



Environmental Costs

- Environmentalists are concerned with controlling the negative externalities from businesses
- These may include:

- **Air Pollution:**

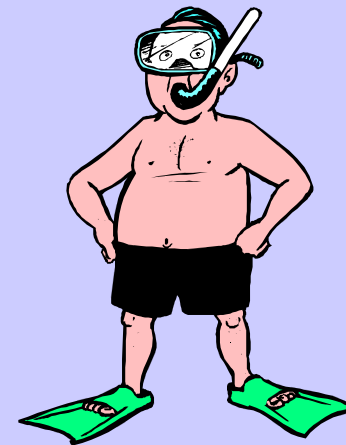
Including, acid rain, Chlorofluorocarbons (CFCs), Carbon Dioxide (CO₂), all of which contribute to global warming, and us getting wetter!

- **Water Pollution**

- **Congestion and Noise**

- **Destruction of the environment**

- **Waste Disposal**





Controlling Environmental Costs

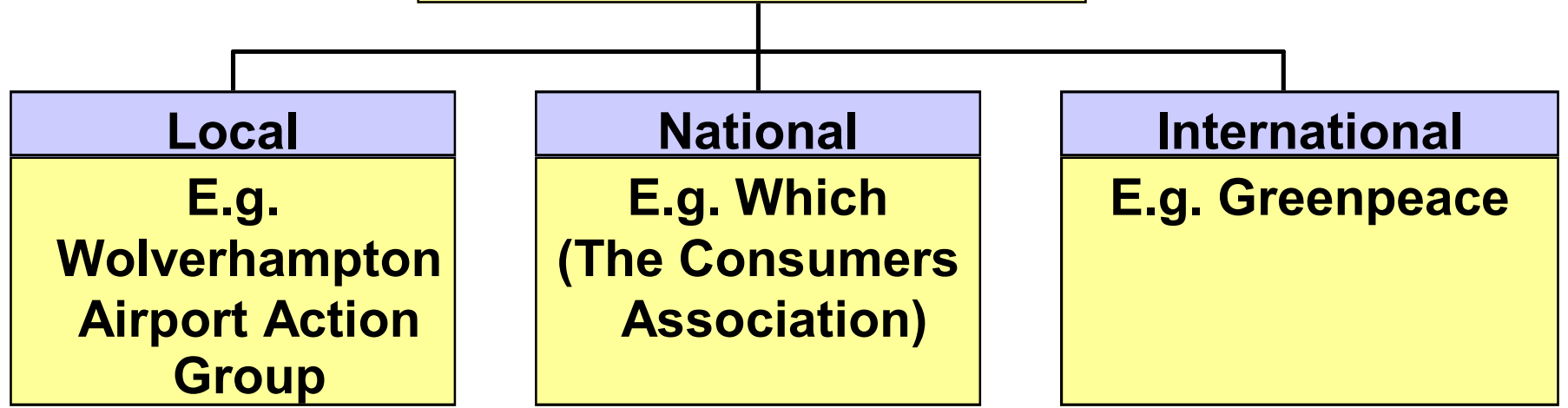
- The government will try to control environmental costs
- Apart from legislation (The Clean Air Act), there are a number of options:
 - **Taxation**
 - The government can make “the polluter pay”.
 - Eg Landfill tax, and fuel taxes
 - **Subsidies**
 - May be given to firms who undertake environmentally friendly schemes
 - **Pollution Permits**
 - Allow firms to produce a given amount of pollution. These are used in the USA
 - **Education**
 - Governments will try to make people aware of the issues



The Role of Pressure Groups

- A Pressure group is a group of people who have similar views and beliefs

Types of Pressure Groups



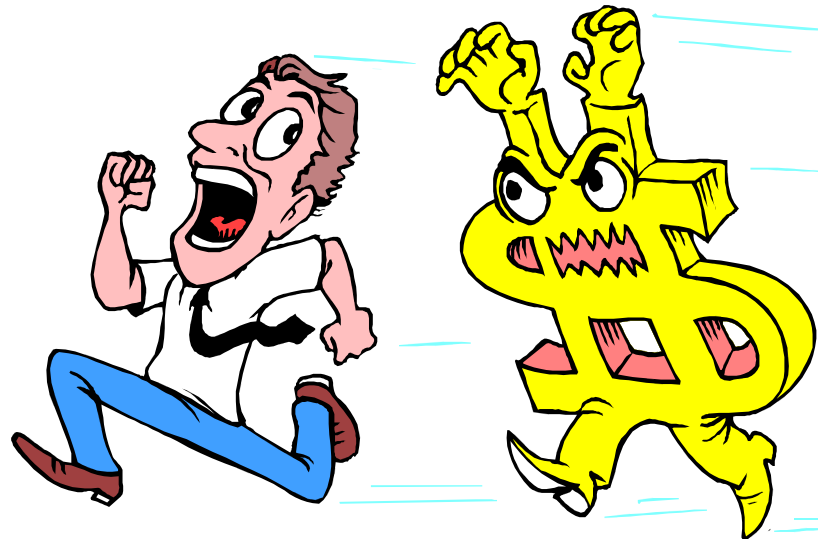


Ethics

- Ethics can be defined as:

“A set of social principles that govern or influence how we behave”

- This means that there may be issues, other than profit, which can affect the decisions made by a business.





Why Bother Being Ethical?

● Good Publicity

- Ethics can be seen as a marketing tool
- E.g. the Body Shop, and the Co-operative Bank



● Additional Sales

- This can occur due to good publicity, and may lead to increased profits

● Content Workers

- Workers may be happier and so work harder
- Happier workers tend to remain in their jobs





Political Factors

- Any change in government will affect the political balance of a country, and as such will impact upon businesses.

● Example:

- When Labour came to power in 1997 one of its political objectives was to introduce the minimum wage, which was originally set at £3.60 per hour. This clearly had an impact upon businesses, even those who already paid more than this minimum rate.





Technological Factors



- Technology is constantly changing, and businesses must manage and incorporate new technologies to survive
 - The internet has demonstrated that those firms who ignore technology risk alienating customers
- But investing in technology is expensive, and firms must spend their money wisely
 - E.g. Sainsbury's distribution system and "dotcom" businesses
- Businesses who invest in **research and development** can often gain a big advantage