1.2 Influences of operations management

1.2.1 Globalisation, technology, quality expectations, cost-based competition, government policies, legal regulation, environmental sustainability

Globalisation: gives consumers the opportunity to purchase products from businesses beyond Australia's border. Therefore, Australian businesses must be more competitive, and that means that operations must be more efficient. Globalisation is caused by reduced trade barriers and reduced transportation costs, and is an influence through more people being able to buy your product from more places – increasing customer sales.

Technology: influences a business because they can make products faster and cheaper than humans can. It also paves the way for things such as online stores and is a major influence in globalisation.

Quality expectations: Customers usually have a pre-existing idea about the quality that they will get from a certain product or brand. They will have certain beliefs about the durability and reliability of the product as well as how well the product actually does all the thing the advertisements claim. Quality expectations often come with the brand name – you'd expect better quality *Nike* shoes than you would from a no-name brand.

Cost-based competition: The key to a successful business is having a cheaper product than your competitors. The easiest way to do this is by reducing the costs of operations. Cost-leadership strategy is effective for this.

Government policies: Businesses have to abide by government policies. These can include regulations set by the ACCC, government taxes and tariffs and even price ceilings/price floors.

Legal regulation: Businesses must abide by legal regulations if they're to remain operational. The main areas of regulation are workplace safety, hazardous materials, environmental protection, climate change and Australian standards for quality, environmental impacts, safety and information.

Environmental sustainability: Now more than ever, managers have the responsibility to take care of the environment. They need to develop technology that reduces the impact on the environment, as well as try to use resources or production methods that harm our environment the least.

1.2.2 Corporate social responsibility

1.2.2.1 The difference between legal compliance and ethical responsibility

There's a big difference between legal compliance and ethical responsibility. Legal compliance is something that a business is bound by law to comply with – such as the rules and regulations set by the ACCC. Ethical responsibility is what the company should do. For example, they owe it to the environment and the population to make all of their products in

an environmentally friendly way, however they have no legal compliance to do so. They can harm the environment in their operations process and not get in trouble with the law.

1.2.2.2 Environmental sustainability and social responsibility

Since AuSSI was launched in 2005, it is now public knowledge to be able to see just how environmentally friendly each business is through *The Australian SAM Sustainability Index*. This places pressure on businesses to do the right thing by the environment through both social responsibility as well as environmental sustainability. Businesses are expected to make decisions that are socially responsible, and this is generally by helping our environment.