**Opportunities, risk , legal and ethical considerations**

**Legal obligations**

**Starter activity:**

Write down possible reasons why laws and regulations exist:

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**Development activity:**

In the space given below, make notes as you watch the videos on employment Law and consumer Law.​

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**Support notes:**

The government uses legislation to regulate businesses’ behaviour and prevent them from exploiting people. There are laws to protect consumers who buy from businesses and workers employed by businesses.

**Legislation and business**

The purpose of legislation:  
● principles of consumer law: quality and consumer rights  
● principles of employment law: recruitment, pay, discrimination and health and safety.  
  
The impact of legislation on businesses:  
● cost  
● consequences of meeting and not meeting these obligations.

|  |
| --- |
| **Consumer Legislation**  What consumer legislation are you aware of? ​ Think: quality and consumer rights |

# Principles of employment law

The term ‘employment law’ refers to any piece of government legislation designed to protect employees from exploitation. In the UK, there are four areas of employment legislation that form the basis of employee rights in the workplace:

**Recruitment, pay, discrimination and health and safety**

* **recruitment** – this legislation outlines what employers can and cannot do when recruiting staff, and what their responsibilities are once a job offer has been made
* **pay** – this legislation covers pay and is designed to ensure that the pay workers receive is above a set minimum level
* **discrimination** – this area of employment law is designed to ensure that employers treat all people fairly
* **health and safety** – legislation around health and safety is designed to keep employees safe while they are at work

**Consequences of meeting legal obligations**

Providing products and services that meet or exceed legal requirements will gain a business a good reputation for reliable and trustworthy products. As this reputation grows, sales are likely to increase, as more customers are attracted.

Complying with employment law means that staff will feel more confident that they will be safe at work and that their employer takes its responsibilities seriously. This can bring a number of benefits:

* staff are more likely to work harder, which results in the business being more efficient
* staff are more likely to stay working for the business, which reduces recruitment costs
* the business is more likely to gain a good reputation, which makes it easier to recruit new staff

**Consequences of not meeting legal obligations**

Businesses that choose not to comply with the law are likely to face a number of issues:

* employers could find themselves in court or an employment tribunal which means they may have to pay expensive legal fees
* employers may have to pay fines and compensation if they break employment laws
* the business’ reputation could be damaged by bad publicity, which could result in a loss of sales and staff
* suppliers and stakeholders may be reluctant to be associated with the business

**Practice Activity:**

Produce a booklet, aimed at new entrepreneurs, outlining the laws that protect stakeholders in the areas of employment, production, marketing and selling, finance.

**Homework:**

Research your own examples of where companies have failed to meet consumer laws and employment laws and the impact it has had.

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