

Unit 05

Influences of the Government to Business, the Importance of Business Ethics and Social Responsibility of a Business

Prepared by: Ms. Ruwanthika Jayaweera
B.Sc.(special)Management, Ph.D (Mgt) reading

Intended Learning Outcomes

- **Explain** the impact of the government and local bodies on business operations.
- **Identify** and explain the importance of business ethics.
- **Recognize** the need of CSR to achieve the business objectives.



Goal of Business

- A business goal is an endpoint, accomplishment or target an organization wants to achieve in the short term or long term.
- Business goals can take many different forms and be aspirational or motivational.
- You can set overall company business goals or you can set goals for specific departments and employees.

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Types of Business Goals

- Increase market share.
- Improve customer service.
- Increase customer service.
- Increase sales revenue.
- Maximize profitability.



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Why are Business Goals are Important?

- **Business goals help measure progress.** Business goals provide the milestones that can help an organization measure its success or lack thereof.
- **Business goals set the direction of a company.** Business goals allow all employees to have a clear idea of where the company wants to go and what it wants to be.
- **Business goals establish accountability.** Business goals enable management to take ownership of its successes or failures.
- **Business goals improve decision-making.** Business goals align the activities of the business so management can constantly evaluate decisions to ensure the business moves toward its target.

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Goal of Government.

- Job creation.
- Economic growth.
- Price stability.
- Stability in the balance of payments.
- Equal distribution of income.



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Government Influence to a Business

Government



Business

- Prescribe the rules and regulations for the business.
- Purchases the businesses products and services.
- Is the owner of vast quantities of productive equipment and wealth.
- Is major promoter and subsidizer for the business.
- Uses its contracting power to get business to do things it wants.

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Business Influence to a Government.

Business



Government

- Personal conducts and lobbying.
- Make large investments.
- Regular payment of taxes.
- Volunteering programs.
- Providing services to the government.

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Importance of Interrelationship between the Government and Business

- Government and business organizations in a country are interrelated and independent in many ways.
- Business organizations are the driving force of the economy. Main goal of business organizations is to maximize the profit.
- Government's goal is to ensure economic stability and growth.
- Government and business organizations always try to influence and persuade each other in many ways for various matters.
- In a planned economy or even in the market economy, government hold control of shaping the business activities of a country.

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Contribution of Businesses to the Development of a Country

- Creates large scale employment opportunities.
- Promotes balances regional development.
- Wealth creation and distribution.
- Improvement in standard of living.
- Increases gross national product and per capita income.
- Promotes capital formation.

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Business Ethics.

- Business ethics is the moral principles, policies, and values that govern the way companies and individuals engage in business activity.
- It goes beyond legal requirements to establish a code of conduct that drives employee behavior at all levels and helps build trust between a business and its customers.

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Ethics of strategic decisions



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Importance of Business Ethics for a Business

- Brand recognition and growth
- Increased ability to negotiate
- Increased trust in products and services
- Customer retention and growth
- Attracting talent
- Attracting investors

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Trade-offs Between Profit and Ethics

A conflict can exist between ethical objectives and profitability and a trade off occurs when the selection of one choice results in the loss of another.

Profitability	Ethical objectives
It can raise costs or reduce revenues	Use of ethical stance for marketing purposes

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Corporate Social Responsibility (CSR)

CSR is a form of Self regulation.

It involves a business ensuring that its activities consider the interests of all stakeholders.

<https://www.youtube.com/watch?v=UsfOpwA6W1k&pp=ygUNYnJhbmRpeCARlENTUg%3D%3D>

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Significance of Fulfilling Responsibilities towards Stakeholders



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- **Management and board of directors**

- ✓ Enhanced reputation and brand value.
- ✓ Improved risk management.
- ✓ Attraction of top talent

- **Employees**

- ✓ Greater job satisfaction.
- ✓ Improved retention rates.
- ✓ Opportunities for personal development.

- **Customers**

- ✓ Enhanced trust and loyalty
- ✓ Accessed to sustainable products
- ✓ Improved customer satisfaction

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- **Shareholders and investors**

- ✓ Improved financial performance
- ✓ Access to capital

- **Community**

- ✓ Positive social impact
- ✓ Economic development
- ✓ Collaboration and partnerships

- **Environment**

- ✓ Conservation and protection
- ✓ Innovation for sustainability

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Classification of CSR

1. Environmental social responsibility

Environmental responsibility refers to the organization's commitment to sustainability and environmentally friendly operations.

2. Ethical/human rights social responsibility

Ethical responsibility refers to a company's commitment to operate their business in an ethical manner that upholds human rights principles, such as fair treatment of all stakeholders, fair trade practices and equal pay.

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Classification of CSR (Cont.)

3. Philanthropic corporate responsibility

Philanthropic responsibility refers to a corporation's aims, goals and objectives for actively bettering society as a whole. One huge aspect of corporate philanthropy is donating money from company earnings to worthy causes within the local community — often in the form of a trust or foundation.

4. Economic corporate responsibility

Economic responsibility refers to the practice of making financial decisions based on a commitment to doing good.

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Sustainable Environment

Environmental sustainability is the responsibility to conserve natural resources and protect global ecosystems to support health and wellbeing, now and in the future.



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Past Papers



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2024 January

- Protection of equality of work is an action taken by a business for Corporate Social Responsibility (CSR) towards employees. (T/F)
- List two(02) benefits of establishing and implementing a code of business ethics.
- **State** three(03) reasons as to why an organization needs to fulfill its responsibilities towards stakeholders.
- **State** three(03) ways in which the government influences businesses (03 marks)

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July 2023

- Define what is meant by “Sustainable Development”.
- State two(02) facilities that the government provides to business organizations (02 marks)

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January 2023

- Explain briefly what is meant by Corporate Social Responsibility (CSR).

July 2022

- State two(02) ways to achieve environmental sustainability.

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Thank You

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