
Ethics and Social Responsibility

Introduction

Global Business and its Environment

Global business is the buying and selling of goods and services from people in international countries (REFERENCE). The business environment is made up of internal and external factors that have the ability and potential to influence or affect an organisation. When looking at the business environment, there are two types of environments to look at – the general or global environment and the specific or local environment (REFERENCE). The Global Business Model is used to explain the factors that impact on the global environment. The factors that impact on the global business environment are; sociocultural trends, economy, technology and political/legal trends (REFERENCE).

The sociocultural trends refer to the demographic characteristics, attitudes and beliefs, and the overall general behaviour of people in society. Changes in these trends such as changes in behaviour, beliefs and attitudes affect the demand for a product, and demographic changes affect the staffing of businesses (REFERENCE). Specific demographic characteristics such as population growth rate, age distribution, sex distribution, average family size and social diversity can affect the effectiveness of a business strategy. While attitudes and beliefs such as environmental conservation and religion can affect aspects of a product that are marketed to customers to side with their beliefs (REFERENCE).

Changes in the economy of the business environment can lead to good and bad outcome. Evidence of a strong, growing economic environment include more people working and wages increasing, consumers having more money to spend, more products being sold, and businesses ultimately expanding. On the contrary, if the economy shows signs of shrinking, the opposite is more likely to happen (REFERENCE). Factors such as fiscal and monetary policies, employment, interest rate, political changes and security all have a direct effect on how business may distribute and produce their products or services (REFERENCE).

Technology in the business environment is described as the knowledge, techniques and tools that are used to transform input to output. Some advantages of technology adaptation include; direct job creation – using technology to create new jobs within the company, contribution to GDP growth – companies advertising online accounts for the internet making 3.4% of the overall GDP in most countries, the emergence of new services and industries – mobile phones have enabled numerous public services to become online through the creation of a new industry: the app industry, and workforce transformation – this enables companies to divide tasks into small components that can be outsourced to contract workers (REFERENCE). Companies must ensure that they embrace new technologies. If not, they will lose out to the competitors that use technology to give them the economic advantage (REFERENCE).

Political and social trends include society's legislation, rules and regulations that regulate and govern business behaviour. Organisations and companies must adhere to legislation (e.g. anti-discrimination acts, copyright act, etc.) and failure to do so will incur fines (REFERENCE). There

are five main groups of laws that surround the Australian business and environment – competition laws: ones set by the Australian Competition and Consumer Commission (ACCC) to ensure trading is fair for consumers and business, consumer laws: The Australian Consumer Law (ACL) provides regulations on unfair contract terms, product safety laws, consumer rights guarantees, lay-by agreements and penalties and other areas, product liability regulation: this is in place to regulate product safety and information standards and ensure no harmful products are sold in Australia, environmental legislation: the Australian Government, state or territory governments and local governments all administer environmental protection, and privacy laws: a national privacy legislation that is overseen by the Office of the Australian Information Commissioner (OAIC), that regulates how business assess, store and collect personal information and communication (REFERENCE).

Business Globalisation and its effect on the Australian Economy

Globalisation refers to the accelerating, broadening and deepening process of integration and connectedness affecting the movement of goods, services, communications and ideas between countries (REFERENCE). The role of globalisation in modern business enables the nation to take advantage of the maximum potential from the resources that are available. Ensuring that the maximum resources are used leads to the improved economic development of the country, better standard of living and an overall improved quality of life (REFERENCE).

According to former Minister of Trade, The Hon. Mark Vaile, MP, globalisation is driven by two forces, underlying technological change, and the free movement of goods, services, ideas and capital. Records show benefits of open trade and liberalisation such as accelerated integration of markets (REFERENCE). As of the year 2000, the exports from Australia had grown three and a half times over the past 20 years, which lead to exports increasing as a proportion of the Australian GDP (REFERENCE).

Globalisation has allowed for Australia's economy to reduce trade barriers and tariffs. There have been significant cuts in tariffs since 1986, which has resulted in \$1000 worth of financial gains realised by average Australian families (REFERENCE). Australia has also pursued trade liberalisation which has produced a more productive and gaining economy. This new economy has allowed for more job opportunities and better wages for Australian workers. Another result of this is the connection with exports. One in five jobs are now linked to exports – with an average manufacturing worker's pay being 2.5% more than non-export linked industries (REFERENCE).

As Australia has opened its doors to globalisation, benefits such as a greater Foreign Direct Investment has allowed industries to access the latest technologies to strengthen jobs and improve company profitability. This has also allowed for an increase in exports, which allows access to international networks and distribution channels (REFERENCE).

What are Ethics and Social Responsibility?

Ethics are described as business policies and practices that are regard controversial issues. These can be policies related to discrimination, corporate governance and corporate social responsibility. (REFERENCE). Often, the law will guide ethics within a business, however, other times, business ethics will provide a framework that businesses can follow to gain acceptance from the public (REFERENCE).

eduzaurus.com