

# Self-regulation v s government regulation essay sample

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## **Self-regulation v/s Government regulation Essay Sample**

To make the business processes fair, they need to be regulated. This ensures a level-playing field for all and promotes fair practices. A question that arises then is: who should regulate? Should the industries and businesses be regulated by government agencies or should regulation be left to themselves? I feel the latter is a better alternative.

The biggest limitation of government regulation is the corruption inherent in the government system. We have seen the government regulating our industries for long enough to understand that such a regulation is not the best option. Most often government regulatory agencies, adopt policies which give an unfair advantage to the most powerful organizations. For instance, when regulatory policies are being formulated, the most powerful and cash-rich companies in the industry lobby hard to get the policies suited to their needs. And the government agencies are not immune to such influence. Rather, the government officials informally welcome such gestures, for they can make a quick buck out of it. Government regulation fails time and again due to the ingrained corruption in the government machinery.

Self regulation, on the other hand, gives organizations an opportunity to decide for themselves what they need to do to ensure a healthy business environment. Businesses or specific industries can come together to determine what is the minimum acceptable criteria in all aspects of any business activity. This would involve voluntary measures taken by the respective business organizations to ensure compliance with such criteria.

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For instance, all telecom companies can come together to decide what is the minimum level of quality they would provide the consumers. If they adopt policies that stimulate unfair business practices, they would face the consequences in the form of declining sales, revenues, profits, and a dwindling public image. So, market dynamics would force them to only adopt policies which would benefit all in the long-run.

Furthermore, self regulation has a lot of benefits for the businesses. Voluntary responsible acts by businesses and entire industries are recognized by all stakeholders – consumers, shareholders, employees, and the communities where the businesses operate. Moreover, they also acknowledge that these acts are not forced by the government but are voluntarily performed. This translates into higher customer loyalty, increased investor confidence, high employee motivation, and above all an improved image of the businesses involved.

Government regulation fails in that it is curative in nature. It aims at regulating by penalizing those who don't conform. Self regulation, on the other hand, is preventive in nature. Businesses regulating themselves don't have to do something just because the government wants them to do it, or because they fear penalty. Rather, they adopt fair practices because they know that it would pay off in the long run. They know the benefits they would accrue from it. Moreover, self-regulation is more effective as it need not be enforced. It is voluntary in nature.

Therefore, due to the various advantages it has, self-regulation by businesses and industry would benefit the society more than would government regulation.