

The business environment essay examples

[Business](#), [Company](#)



In the latest report by the World Business Council for Sustainable Development (WBCSD), the current trends of urbanization and rate of consumption is increasing at an alarming rate that has the entire world worried . Currently more than half of the world population resides in urban areas. This form of settlement has is set to increases along with the world population as it slowly and surely nears the 8 billion mark. Countries such as India, China, Brazil and the rest of the Asian ‘ tiger’ economies are the front of the statistics . The west and other developed nations are also facing business extinction as these upcoming economies are taking up most of the businesses. All these issues put together exerts enormous amount of pressure on businesses and the crucial role that they need to play as the world moves forward towards such trying times.

Role of Businesses in the economy

Bendrey, Hussey, & West (2004) argue that as the world economy moves towards a more urbanized system of residence, the world economy faces some of the daunting challenges. First the consumption patterns of the world are set to drastically change. This is due to the fact that urban settlement would shift the consumption of simple unprocessed foods to processed food as well as other needs such as increased energy and transport needs. Food will have to be produced at a huge scale but very limited human resource at hand. Similarly, demand for energy is set to increase to new levels as fossil fuels are definitely on a steep decline. This pressure on the natural resources and the earth ecosystem has termed by many as a time bomb.

This is perhaps where businesses will step in to solve the looming crisis. As the world continues to develop and urbanization takes root, businesses have

the task of developing innovative means that meets the requirements of the population. Developing innovative products that provide essential services but at a profit to the business is sure way of maintaining sustainable economic growth. These businesses solutions have been generally referred to as sustainable solutions. Businesses also have the role of developing solution that alleviates poverty and thus general economic growth.

Businesses ownerships such as sole proprietorship and partnerships allows individual to be indulged in businesses that are income generating. These businesses are actually easy to open and have incentives that allow them to run. For instance, small businesses such as sole entrepreneurship have been suggested as a means towards achieving economic sustainability . Other businesses such as corporations have more elaborate registration processes but also have more incentives for growth while having strict rules for running the business.

Each of these different kinds of businesses prepares different kinds of financial statements. Sole proprietorships have four basic kinds of financial statements. These are the balance sheet, statement of financial performance (commonly referred to as income statement or trading account), and statement of changes in owner's equity and cash flow statements. Each of these financial statements is important for the smooth running however sole proprietorships are not required by law follow international financial reporting standards. Partnerships also present similar financial statements. A partnership business presents the balance sheet, income statement and cash flow. In addition to these financial statements a partnership is required to disclose statement of partners' capital. Corporate and limited liability

businesses also present similar financial records. These are the Income statement, balance sheet, statement of cash flows and statement of retained earnings. The only difference is that financial statements from corporate must follow strict provisions of international financial reporting standards that require external auditing.

Difference between profit and non-profit making organizations

There are organizations that have been created without the sole intention of reporting profits. These organizations have been created to solve the social issues that have been overstepped by profit making companies. For instance, there are non-profit making hospitals that are run by Medecins Sans Frontieres, commonly referred to as (Doctors without Borders). One of the major differences between such non-profit hospitals and other profit making hospitals is that these hospitals receive all patients that walk through their doors. These, non-profit making, hospitals accept patients without the knowledge of the patient's ability to pay for the service. They are also tax exempt and are allowed to import supplies without paying any taxes. They are also not required by law to disclose their books of accounts as well as their management structures.

Monetary policies

All states have a way of controlling of the businesses environment that guide the operations and execution of businesses. This control is exerted by means of monetary and fiscal policies. These policies affect the economy in several facets. For instance, monetary policies define the interest rates at which financial institutions offer financing facilities. This has a great impact on

investment and increasing the number of businesses in an economy.

Investment policies have an impact on domestic investment. Different countries adopt different mechanisms that attract foreign investment, which include tax incentives including costs of doing business. In cases where a country attracts foreign investment, then these nations have improved the rules that control financial management, human resource management, and information management in a business.

Penetration Strategy for Global Company

There are companies which have been successful in global markets. The McDonald Company has been successful in the international markets. Its penetration strategy is through franchising agreements with the local businessmen in the target location. The company allows the businessmen to open outlets in the area and market and sell the company products. It allows an individual within the target market to operate under company brand with a license. This is due to the global nature of the product and thus consumers are familiar with the product and no new marketing schemes need to be developed. Additionally, franchising allows the business to have presence in the international market without conducting heavy investments. There are minimum standards in terms of quality, customer service and cleanliness that must be adhered to. The businessmen go through a vetting process.

Corporate Social Responsibility on Consumers

An organization has a moral, ethical, philanthropic responsibility towards different stakeholders that goes beyond the aim of earning fair returns on investment. The reason for such moral responsibility is due to the fact that

businesses have been seen to create a myriad of social problems and thus it is the responsibility of such businesses to address such problems. McDonald and other fast food companies have been facing a lot of societal pressure following a lot of research on the relationship between intake of fast food and the rising obesity statistics on young children and adults. The company has been accused of promoting unhealthy eating practices among the young generation. In order to maintain good will and the customer's loyalty, the company started to diversify the diet by including fruit juices. The expectation that a company should be socially responsible has had an impact on the consumer and the choices available to them now on the McDonald's menu.

Conclusion

The current state of the world economy has presented a new concern for businesses. The role of business in economy has increased making businesses that solution to the many problems that plague the society.

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