***Chapter-4*** ***Environmental Context of Management***

***Concept of Business Environment***

Business environment consists of all components of surroundings of a business organization, which affect or influence its operations and determines its effectiveness. Environment is dynamic and change according to time, it is also complex and difficult to forecast. Therefore, management needs to estimate and forecast environmental influence time and again to sustain its business operation in a competitive environment.

"Environment refers to institutions or forces that affect the organization performance." -**Stephen P Robbins and Marry Coulter**

"Business environment is the aggregate of all conditions, events, and influences that surround and affect it."  **-Keith Davis**

***Types of Business Environment: Internal and External***

Broadly, there are two types of environments internal and external.

***Internal Environment***

All conditions and forces within the organization affection a business operation is internal environment. Such environmental components can be controlled by the management. The components of internal environment consist of owners or shareholders, broad of directors, resources and organizational structure and organizational culture.

1. **Owners**: Owners are the investors who have the direct interest in the welfare and prosperity of business organization. They have the legal right on the property and assets of the business. In sole trading concerns they are known as sole proprietors, in partnership form as partners and in joint stocks of the companies, they are known as shareholders. Depending upon types of organizations and the nature of business, they are directly and indirectly involved in management of the business.
2. **Broad of directors**: Members of broad of directors are the representatives of shareholders who are directly involves in the day-to-day operations of the company. Their responsibility is to run the business in the best interest of the shareholders and other stakeholders. They are also involved in the preparation of long term plans and business strategies of the organization.
3. **Organizational resources**: For effective operation of the business, every organization needs resources consisting of human, financial, physical and information. The success and failure of the organization depends upon the effective and efficient utilization of these resources.
4. **Organizational structure**: Organizational structure is the foundation of an organization involving job definition, division of work, hierarchy of authority and responsibility and coordination among all the departments and members. It defines the formal relationship among executives and subordinates and also helps maintain functional network among them.
5. **Organizational culture**: Organizational culture is the set of values that helps its members understand what the organization stands for, how it does things and what it considers important. It is a system of shared beliefs held by the organization's members. In every there are systems of values, symbols, rituals, and practices that have evolved over time.

***External Environment***

The external environment refers to forces and institutions outside the organization that potentially can affect the organization's performance. The external environment is made up of two components, the specific or task environment and general environment.

***Specific or Task Environment***

The task management consists of specific organizations or groups that influence the organization's performance. Such environments have a direct and immediate impact on the managerial decision and actions and are directly relevant to the achievement of organizational goals. The task environment consists of competitors, customers, suppliers, government, pressure groups, media, financial institution and strategic allies.

1. **Customers**: Customers pay money for goods and services and are the main source of revenue. They represent potential uncertainty to an organization because their taste and preferences may change with in time and fashion. A satisfied customer of today may not be satisfied tomorrow through the same kind of goods and services. Therefore, it is necessary to collect information about preferences and demands of customers through market research, survey and report from representatives and other means.
2. **Suppliers**: Suppliers are the parties and institutions that supply materials, machines and other resources to organizations. The management of every organization seeks to ensure regular and steady flow of needed of inputs as a reasonable price. However, if suppliers do not supply materials in time and also charge high price, it reduces the organizational effectiveness.
3. **Competitors**: Competition is the basic feature of an open market economy. Competitors are the rivals that compete with the organization for resources. No business organization can its competitors and their business strategy. Therefore, a manager of an organization should have the ability to forecast customers' demand and develop new strategies to increase market share.
4. **Government**: The government is concerned with regulating new rules and regulation for the welfare and wellbeing of the society. It also enacts various rules and regulations to control unfair business practices and to protect public interest. A new legislation enacted by the government to protect public interest may create new challenges to business organizations.
5. **Pressure groups**: Pressure groups are special interest groups, which may also create problems and difficulties in business activities. They exert considerable influence by using the media to draw attention to their positions. These pressure groups consist of labor unions affiliated with political parties, consumers' associations, human rights activists, environmental associations, media, social institutions etc.
6. **Financial institutions**: Financial institutions consist of commercial banks, development banks, finance companies, insurance companies etc. they supply short and long term credit to business firms. Their credit policy directly affects the operation, expansion and diversification of business activities.
7. **Strategic allies**: When two or more companies work together in a joint together in a joint venture or other partnership form, it is known as strategic allies. Such allies help to get expertise from other companies to gain new business ideas and knowledge.

***General Environment***

General environment refers to the institutions and forces that create overall context of an organization. This environment is also known as macro environment. It is controllable in comparison to the micro environment. Thus, general environment comprises general trends and forces that may not immediately affect the organization but sooner or later will alter the way organization operates.

***Basic Components of External Environment***

***Economic Environment***

Economic environment plays a significant role in the business system because the condition of the economy and in present and in future affects the fortunes and strategy of the organization. The economic environment of the businesses includes the following factors:

1. **Economic system**: The economic systems prevailing in a country determines the scope of private business and its activities. The prevailing economic systems can be grouped into three categories such as:
2. **Free Market Economics (Capitalism):** In a free market economy, all the factors of the production such as land, labor and capital are privately owned and production is carried on by private enterprises. What to produce, how to produce and whom to produce, all these economic problems and settled by the forces of demand, supply and market mechanism. USA and Japan present examples of free market economy.
3. **Centrally Planned Economics(Communism):** Under the centrally planned economic system, the state owns all the means of production and determines the goals of production. The consumption pattern is decided by the state. North Korea and Cuba present the examples of centrally planned economies.
4. **Mixed Economics**: The system of mixed economy falls between the two extremes capitalism and communism. In a mixed economy, both the public sector and private sector co-exist as in Nepal and India. In many mixed economies, several basic and strategic industries are owned and managed by the state. The state regulates the activities of the private sector so that it may serve the interest of the nation rather than its own interest.
5. **Economic policies**: The economic policies of the government also influence the business policies of an organization. Key economic policies influencing business organizations are as follows:
6. **Monetary Policy:** It is concerned with money supply, interest rates, credit availability and exchange rates. It effects the level of spending and cost of capital.
7. **Fiscal Policy**: it deals with the collection and spending of money by the government. It is concerned with the use of taxation and government expenditure to regulate economic activities.
8. **Industrial Policy**: It makes conditions favorable or unfavorable for business. Incentives, licensing, infrastructure, technology transfer and other facilities given to business create favorable condition for business.
9. **Commercial Policy**: It indicates the import – export policy consisting of export duty, customs duty, clearance charge etc.
10. **Economic Conditions**: Economic condition fluctuate continuously. They indicate the health of the economy in which the business organizations operate. The major elements of economic conditions are as follows:
11. **Stage of Economic Development**: An economy can be least developed, developing and developed. Such stages of economic development influence on the business activities.
12. **Income Distribution**: Income provides ability to spend for business purpose increasing purchasing power. Per capita income people should be strong.
13. **Employment**: Employment situation also influence on business activities. It determines purchasing power of people and availability of labor. During the high employment condition, economy grows faster and increases purchasing capacity of people.
14. **Trade Cycle**: Trade cycle also indicates the economic conditions of the country. The stage of trade cycle can be prosperity, recession, depression and recovery. Each stage affects the health and operation of business organizations.
15. **Inflation**: It refers a sustained rise in the general price level of goods and services. Inflation reduces the purchasing power of consumers. It seriously affects the business activities.
16. **Economic Integration**: Economic integration is also known as regional economic groups. It is an association of nations in a particular region of the world. It is involved in promoting trade and socio-culture ssrelations among the member countries and providing financial aid to them.

The South Asian Association for Regional Cooperation(SAARC), Association of South East Nations(ASEAN), the European Union(UN), North American Free Trade Agreement(NAFTA) are some examples of regional economic groups that have promoted economic integration.

***Socio-Cultural Environment***

The socio-cultural environment is made up of institutions and other forces that affect a society's basic values, perception, preferences, and behaviors. Socio- cultural forces usually influence the welfare of a business firm over the period of time. We have ever changing society. A good socio-cultural environment analysis combines the following components:

1. **Social Environment**: Social environment refers to all the social surroundings that influence business organizations. It involves the following elements:
2. **Demographics**: Business is started from people. Demography is concerned with human population and or people and its distribution. It includes the following elements:

* **Size Distribution and Growth of Population**: Larger size, distribution and growth of population indicate growing business opportunities. The large size of population is attractive to business organizations. For instance, the large size and growing rate of population of India and China have attracted many investors from capital-rich countries to reap the benefits of the large size of market.
* **Age Composition**: it is also an important demographic factor that influences the business activities. Product demand differs according to age group or composition.
* **Urbanization**: When people migrate from rural areas to urban areas they naturally adopt the urban life-styles. It creates a large market for consumer durable, furnishing, fashion-related products and beauty aids.
* **Migration**: It is the population movement from one geographical range to other. It may occur as population migrates from one country to another country, from rural to urban, and then suburban areas.it is also influences business activities. For example, migration of people from Hill and Terai to Kathmandu has created new demand for convenience and shopping goods.

1. **Social Institutions**: They consist of family, reference group, and social class. They also influence on business activities:

* **Family**: it is constituted by two or more persons related by blood, marriage and adoption who reside together. Family plays an important role in influencing consumption pattern. Thus, managers need to understand the nature of family's influence on its member and the way in which purchase decisions are made by the members.
* **Reference Group**: They consist of group that have direct or indirect influences on the attitudes and behavior of people. For examples, famous film stars, musicians, other popular personalities fall in reference group. Reference group serve as a point of comparison or reference for an individual in the formation of either general or specific values, attitudes, or behavior.
* **Social class**: Social class indicates societal stratification. Members of a social class share similar values and attitudes. Generally, individual can be categorized in one of the four informal social class structures: the affluent class (i.e. high class), the middle class, lower middle class and the poor. Social class shows distinct product and brand preferences in areas such as clothing, home, furnishing, automobile, etc.

1. **Social change and Mobility**: Social change and mobility are the realities of today. Change and mobility are making things different. They are reflected by one-child family, disintegrating joint family, married working women, delayed marriages and social pressures against environment pollution. Such change implies modification in relationship and behavior patterns of individual and groups in a society.
2. **Cultural Environment**: Culture refers to habit, tradition, morality, belief, values and so on derived by individual as a member of the society. It differs in different region, different races and community even in the same country. Business organization should be produce clothes, food, drinks, etc. according to the culture of the people. People consume new clothes, delicious foods, superior drinks, meat etc., during the time of festival. Due to this, the demand for such goods is high during the time of festival. The demand for gold and jewelry is high during the time of wedding season. It involves the following factors:
3. **Religion**: Religion refers to a specific and institutionalized set of beliefs and practices generally agreed upon by a number of persons or society. Different people have own religion, religion of people creates own lifestyle and attitude. They want to fulfill interest as per their religion.
4. **Attitude**: An attitude can be defined as any affective reason to a person object, ideas or activity. It is created by culture. Work motivation, profit motivation, attitudes towards gift-giving, meaning of body gestures and attitudes towards time vary from culture to culture.
5. **Values and Beliefs**: The values and beliefs are the norms of the society. They affect the attitude to towards business and work itself. For example, employees' value and beliefs about various work- related issues like working hours, work shift, supervision, technology employed, organizational reforms, and so forth have significant effects on their work attainment.
6. **Language:** it is medium of expressing views, ideas, knowledge, experiences, etc. It may differ on the basis of castes and ethnicity. Generally, language represents the tradition and culture of the society. It also affects the needs and wants of the people.

***Political-Legal Environment***

Political- legal environment offers the environment in which the managers have to operate their business organizations. The important forces are:

1. **Political Environment**: Political environment consist of factors related to management to public affairs. It consists of the following components:
2. **Political System**: It is an important factor of political environment. It includes political ideology, election process, the process of government formation, etc. Besides, political stability or instability also consists in it. A stable, efficient, and honest political system is essential for the growth of business organization.
3. **Political Institutions**: Political institutions include legislature(Parliament), executive (Government), and Judiciary (Court of Law) which affect business organizations.

* **Legislature**: It is the parliament that is regarded as the mirror of public opinion. It performs the function such as formulating laws, making policies, approving budget. Legislature, thus, has profound effect on the business. Legislature decides what should be size, nature of business, who can operate what type of business, how the earning of the business should be distributed, what types of rules and regulations should be obeyed by the business, what contribution should be made to the government, what type of work should be done or not in the interest of people.
* **Executive:** It is known as the government consisting of council of minister and bureaucracy. The functions of executive particularly is to implement to decisions made by the legislature. Therefore, executive has great influence on businesses.
* **Judiciary**: It is also known as courts. It decides whether the government is functioning according to the rules and regulations enacted by the legislature and whether they are inconsistent with given law or not. The judiciary serves as watchdog. It settles the issues between government and people and between people and people.
* **Other Constitutions Bodies**: The new constitution, 2072 has made some provisions about other constitutional bodies such as Commission for the Investigation of Abuse of Authority, Auditor General, Public Service Commission, Election Commission, National Human Rights Commission, National Natural Resources and Fiscal Commission, National Women Commission etc. activities of such constitutional bodies have effects on business activities.

1. **Political Philosophies**: They are the ideologies that a state has adopted. The political philosophies can be democratic, socialism or mixed.

* **Democratic Philosophy** ensures the human rights of the citizens. It gives emphasis to the role private sectors in business activities. In the **socialism philosophy**, the power remains in the hand of the state. The government plays important roles in socialist countries. In the **mixed political** **philosophy**, the power lies in the hands of both the people and the state. In such political philosophy, the private sector and state play important roles in organization in the economy. So, business organizations and mangers should analyze political philosophies.

1. **Pressure Groups:** They are special interest groups, which may also create problems and difficulties in business activities. They exert considerable influence by using the media to draw attention to their positions. The pressure groups consist of labor unions affiliated with political parties, consumers' associations, human rights activities, environmental associations, media, social institutions, feminist groups, trade associations, etc.
2. **Legal Environment**: It is critically important for the prosperity of business. This environment plays crucial role in business decision-making by affecting production and marketing activities. There are many legal provision regarding minimum wage, health and safety standard, pollution control standard, fair pricing and marketing behavior. The following are common components of legal environment:
3. **Legislation/ Laws**: Legislations relating to business aim to protect consumers from unfair business practices and organization from unfair competitions. Legislations regarding standardization, patents, trademark, intellectual property, copyright etc., protect the business organization.
4. **Courts**: They are also included in the legal environment of business. They solve the legal problems. There may be different types of courts according to the level and nature of legal problems. However, according to the new constitution 2072, the following courts will remain in Nepal:

* Supreme Court
* High Court
* District Court
* Specialized Courts

1. **Legal Administrators**: They are the law implementation bodies. They are government bodies, police, jails, advocates, etc.

***Technological Environment***

Technology is a systematic application of scientific or other organized knowledge to practical tasks. Technological environment helps to shape changes in styles of life with the help of technology. A good technological environment analysis combines the following components:

1. **Level of Technology**: Managers must adopt the level of technology to satisfy the customers' needs, Now-a-days most of the people need high technology products. There are five levels of technology in business.

* Manual Technology: It human-based technology. It uses more manpower.
* Mechanized Technology: It is machine based technology. It uses power in the production process.
* Automated Technology: It is based on machines that operate automatically.
* Computerized Technology: it is based on use of computer-based machines. Digital technology is computerized technology.
* Robotized Technology: It is based on use of robots. This technology is guided by computerized software programmes.

1. **Pace of technological Changes**: Technology is dynamic. Its pace of changing is very fast. The change of technology leads to immediate impact in business of managers. It creates both opportunity and threats to the business organization. A business can only be successful if it is able to grab the opportunities created by the changing technology.
2. **Technology Transfer**: Technology transfer means to import new and advance technology from developed countries to technologically developing countries. Technology can be transferred through globalization, projects, trade, technical assistance, training and publication, etc.
3. **Research and Development (R & D) Budget**: Customers' need keep on changing. Old technology may be useless to fulfill the changing needs. So, it is necessary to develop new technology. Research and development is the main basis of development of new technology and innovation. So managers should pay attention towards this aspect. For this, it is essential to invest a certain part of the budget of the business organization in research and development work.

***Global Environment***

The global environment includes relevant new global markets, existing markets that are changing, important international political events, and critical cultural and institutional characteristics of global markets. Globalizations of business markets creates both opportunities and challenges for firms.

Some global organizations such as world Trade Organization (WTO), World Bank and International Monetary Fund (IMF) have positive impact on development of global business. Global environment involves the following steps:

* Global economy
* Global market scenario
* Global consumerism
* Global laws and provision
* Global political condition, etc.

***Social Responsibility of Business***

Social responsibility is the obligation of an organization to protect social norms and rules within which the organization is operating. Business organizations are established, exist and perform functions in the society. They also expand and diversify their business activities in the society. They utilize natural resources in production and distribution activities according to their convenience and facility. It is responsibility of business organization to perform their activities within the existing rules, regulations and norms of society.

" Social responsibility is the set of obligations an organization has to protect and enhance the society in which it functions." **-Ricky W Griffen**

Therefore, social responsibility is the obligation of an organization to protect social norms and rules within which the organizations perform business activities to fulfill their objectives of earning profit and enhancing wealth.

***Approaches to Social Responsibility***

Ricky W Griffen has given four approaches to social responsibility. Brief descriptions of these approaches are:

Degree of Social Responsibility

Social Response

Social contributions

Social Obligation

Social Obstruction

Lowest Highest

1. **Social obstruction**: This is very traditional and classical view of social responsibility. According to this approach, the main motive of business is to earn profit for the welfare of owners or shareholders. The managers of this approach emphasize only on economic welfare of the firm.
2. **Social obligation**: This approach is one step forward than social obstruction but is most consistent with the arguments used against the social responsibility. The managers of this approach also emphasize that their job is to earn profit. For instance, as per legal provision it is necessary to install standard equipment to control pollution but managers may install inferior quality equipment, which may not control environmental pollution.
3. **Social response**: This approach of social responsibility is improved than social obligation. The managers following this approach fulfill their legal and ethical environments for social responsibility and also will go beyond these requirements in selected cases. This willfully participate in social welfare programs but it is essential that they be encouraged by somebody else.
4. **Social contribution**: This approach considers the highest degree of responsibility. The managers in this approach believe that they are the good citizens of the society and proactively seek opportunities to contribute in social welfare programs. They willingly participate in social welfare activities, education, sports, health, sanitation and charity. The fulfillment of social responsibility will automatically meet the economic objectives of business organizations.

***Areas of Social Responsibility***

1. **Towards Investors (Shareholders)**

Shareholders are the owner of the business firm. They invest capital for the establishment of the business and bear risk of losses. They also take part in the management directly or as a representative of shareholders. Shareholders have direct interest in the welfare and development of business towards the shareholders are:

* To ensure safety of capital investment.
* To provide fair and regular return on investment in terms of dividend.
* To provide correct and regular information of financial and other transactions.
* To offer reasonable opportunities to shareholders for participating in planning and policy making.
* To maximize value of capital investment through optimum utilization of resources.

1. **Towards Consumers**

Consumers are the main source of revenue. They are the basis of growth and development of businesses. In competitive business, consumers' satisfaction is the main purpose of business. It is essential to take some steps to satisfy the needs and expectations of consumers. The major responsibilities of business towards consumers are:

* To supply better quality goods at the right time in reliable price.
* To take necessary steps to improve quality, reduce price and development of network for distribution.
* To provide after-sales service on the basis of nature of product.
* To perform research and developmental work for better quality and for new products.
* To avoid unfair trade practices like black marketing, adulteration false advertising etc.

1. **Towards Employees**

The employees are directly involved in production and distribution functions of the organization. They have direct interest in the welfare and development of business. Since they are the assets of business organization, their welfare is the main responsibility of the management. Employees should be treated as part of the organization and should encourage and motivate them for their better performance. The organizations should provide both financial and non-financial incentives to develop a sense of belonging among the employees. The following are the responsibilities of business towards the employees:

* To provide job security.
* To provide fair wages and other benefits like bonus, allowances, share of profit etc.
* To ensure welfare facilities like further education, promotion, medical facilities, foreign visit, training etc.
* To provide favorable working environment and recognition of their performance.
* To provide opportunity to participate in management and career development.

1. **Towards Government**

Government is responsible for the administrative and developmental work of the country. It protects and controls all the business activities and creates business opportunities in new areas. All the business activities should be conducted within the rules and regulation of the government. A business concern cannot be established and perform business without co-operation of government. The major responsibilities of business towards the government are:

* To follow strictly the government rule, regulations and laws.
* To pay tax to the government honestly and regularly like value added tax, income tax, customs duty etc.
* To avoid monopolistic and unfair trade practices.
* To support to solve national problems such as unemployment, poverty, illiteracy, family planning etc.
* To emphasize on fair dealing in import and export trade to maintain the reputation of the nation.

1. **Towards Community (Public)**

Business organizations have responsibilities towards the general public. And they perform their business activities in a community and normally public expect from them. Business organizations should take necessary steps for the economic and social well-being of the community are:

* To check environmental pollution and maintain environmental ecology.
* To create employment opportunities for the people.
* To take necessary steps for maximum utilization of resources available in the society.
* To maintain and develop social and culture values and norms.
* To involve in social welfare programs like education, health, games and sports etc.

***Business Ethics***

Ethics is the set of moral principles and rules guiding an individual's behavior. It is the basis of determining right or wrong in a given situation. It is an individual's personal perception and belief while taking a decision. Ethical behavior of an individual depends upon the moral standard or codes of conduct determined by society. Managerial ethics is the standard of behavior that guides individual managers in their work. It is the moral principles and rules of conduct that is applied in the business. It is generally accepted that business should be conducted according to certain self-recognized moral standard of the managers. Making ethical choices can be difficult for managers. Though it is compulsory to obey the law but acting ethically goes beyond mere compliance with the law.

**Significance of Business Ethics**

Ethics is derived from the society and the norms, values, beliefs, culture and standard of the society determine it. The following are the common significance of business ethics:

1. **Promotes goodwill and image**: Ethical business dealing helps to promote goodwill and image in the society. The supply of goods and services by considering quality, quantity, time and price expected by the customers facilitates to gain their trust. For this, the concept of artificial shortage, black marketing, inferior quality etc. must be avoided.
2. **Helps maintain better relation with stakeholders**: Ethical behavior helps to maintain better relation with different interested groups consisting of employees, customers, suppliers, lenders, government etc. an ethical manager always tries to fulfill the needs and requirements of these stakeholders.
3. **Less interference from government**: In case a business is not ethical, it will certainly attract intervention of the government. However, an ethical businessman never performs any business activity by violating government rules and regulations.
4. **Promotes fair competition**: Business ethics helps to promote fair competition among the firms. It discourages businessmen to involve in unfair trade practices like artificial shortage, black marketing, adulteration, obsolescence etc.
5. **Promotes social responsibility**: The manager performs business in the society to fulfill his economic objectives. Business ethics guides managers to involve in social welfare programs like participating in education, health, sports, environmental protection etc.
6. **Improve working environment**: Business ethics guides managers to develop a better working environment in the organization. He tries to motivate employees by introducing a feeling of justice, equality, freedom, belongingness, sense of responsibility and ownership.
7. **Helps to increase market share**: An ethical business practice of a manager helps an organization gain prestige and reputation in the society. In the long run it helps increase market share of the business firm.

***Emerging Business Environment in Nepal***

1. **Emergence of Open Market Economy**: After the restoration of democracy in 1990, government has adopted a liberal and open market economic policy. In this policy, economic freedom has been given to private business organizations by minimizing administrative hurdles in licensing, registration, incorporation etc. Now, private enterprise and entrepreneurs have freedom to choose the line of business on the basis of their interest with nominal administrative formalities and scope.
2. **Increasing Role of Private Sectors**: The open market economy has increased the role of private sectors in economic activities. They have started to play major roles in the economic development of the nation. The invest not only in general lines of business but also involve in core areas of economic activities. The government has terminated the monopoly power of public enterprises in hydropower, telecommunication, water supply, airlines etc.
3. **Private Sector's Investment in Infrastructure Development**: The free market economy policy of the government has also encouraged private investment in infrastructure development of the nation. Private company including foreign investors started to invest in infrastructure areas of the nation consisting of hydropower, telecommunication, transportation, water supply and health education etc.
4. **Emergence of Multinational Companies**: The economic liberalization policy of government has opened the door to multinational companies to perform business activities in Nepal. They involve in commercial, industrial and also in auxiliary services through joint venture with Nepalese entrepreneurs. Generally, they involve in banking, finance, insurance, soft drink, cold drink, hotel industries, education, telecommunication, hydropower etc.
5. **Development of Information Technology**: The rapid development of information technology(IT) has also affected the Nepalese business. The use of IT resources consisting of computer programs, e-mail, internet, network system, e-commerce, fax etc. increase the efficiency of business organizations. Many business organizations like banks, finance companies, educational institutions, hotels and restaurant, telecommunications, airlines, manufacturing and trading organization use IT resources.
6. **Emergence of Consumerism**: The evolution of free market economy has diverted the concept of seller's market to consumer market. Open market policy has developed a competitive environment among the manufacturers and suppliers and has provided selection facility to the consumers. Business organizations have developed different strategies to draw the attention of customers and to satisfy them. Customers can purchase goods and services on the basis of their needs and requirements.
7. **Growth and Service Sectors**: There has been growth of service sectors in Nepal in recent years. Entertainment industry is flourishing. Newspapers, printing services, radio broadcasting services, cinema and television broadcasts are now fast expanding in the country. Modern services have been fast emerging in the country, are courier services, credit cards, car rental services, telecom and internet services, and fax and e-mail services.
8. **Shifting Social Cultural Values**: Nepalese socio-cultural values are shifting day-by-day. The modern means of communication like mobile, telephone, e-mail, fax, internet, television, etc. are promoting western culture in the country. Celebration of Valentine day, Western New Year, friendship day and Christmas are common in urban teenagers. Cross-cultural influences are increasing in Nepalese societies. Traditional cultural values and norms are changing. These all have created new business scope in Nepal.
9. **Rising Customer Awareness**: Urbanization is growing significantly in Nepal. Modern society and culture are expanding in Nepal. People's education level is also increasing. Their excess to information technology is also increasing. Brand awareness and consciousness are increasing.
10. **Workforce Diversity**: Population dimension of Nepalese people is changing. A wide variety of factors such as globalization, ethnicity, an aging population, entry of females and minorities into new career, knowledge-based workers, work teams, virtual employees and part-time or contingent employees have created much more heterogeneous workforce in Nepal.
11. **Rise in Online Business**: The use of modern technologies is common now-a-days in Nepalese organizations the access to internet and information technology is increasing. Because of it, online business is rising. E-business is getting popular.
12. **Use of Social Media**: The use of social media is getting popular in Nepal. People are spending many hours in social media like Facebook, Twitter, Instagram, etc. Because of these social media, people's excess to information is also increasing and the social media is taking as the means of fast advertisement.