

Business, Government & Society: Interactions and Influences

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Lesson Transcript

Business, government, and society interact and influence each others' specific objectives and goals. In this lesson, you will learn the three different models that can impact how they influence each other.

Business, Government, and Society

Business, government, and society have similar goals and objectives. How can all three affect each other?

Let's make sure that you have an understanding of each term. **Society** is a group of individuals who reside in communities that have shared values and laws. In addition, society is made up of different religions, cultures, interests, attitudes, and lifestyles. **Business** consists of organizations that participate in consumer, industrial, or economic activities for a purpose, such as profit or non-profit means. **Government** refers to the governing body of a nation, state, or local community.

In this lesson, you will learn how government and society affects business. First, we need to examine the objectives of business, government, and society to see how they intersect in order to understand their symbiotic relationship. We will use N&N Chocolates, a manufacturer of candy bars, as our example company. Our society will be the surrounding area of N&N Chocolates' customer base. Lastly, government will be represented by the U.S. government.

Interrelated Objectives

N&N Chocolates' main business objectives are to keep their costs low, increase sales, and maximize their profits. Society's objectives focus around survival, clean environment, access to food, health care, education, shelter, and opportunity to succeed. Lastly, government's objectives are to provide regulation to instill a fair, safe use of resources and to protect citizens against things like unethical business.

Each of the objectives is interrelated. For example, society wants food, and N&N wants society to choose their products as their food objective. The government has to ensure that N&N operates ethically to not harm the environment or the consumers. There are three

different models that can explain how business, society, and government's objectives interact.

Market Capitalism

The first model is called **market capitalism** and is found in democratic societies. The definition is based on an economy that is focused on supply and demand, where the prices of goods and services are set through an open free market system. For example, N&N would love to sell their chocolate bars for \$20.00 each. Unfortunately, society's demand for chocolates is high, and consumers are not willing to pay such a high price, especially since society can eat many other options to fulfill their food objective. They could order two pizzas for \$20.00 instead or purchase a competitor's chocolate bar for only \$1.00. In market capitalism, the objectives for businesses are determined by society's demand, as well as government's added costs, such as taxes.

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