

BUSINESS ENVIRONMENT

Second Semester, B.B.A Classes

As per New National Education Policy (N.E.P)

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PERFACE

It is a matter of immense pleasure for us to place in the hands of the teaching faculties and students of Mangalore University a text book of “**Business Environment**”. This book is specially prepared for the B.B.A (Second Semester). It is prepared in accordance with the latest NEP syllabus of the University.

We do not claim any originality of this book since many standard text books were referred while writing this book. The main purpose of preparing this book is to make the subject **Business Environment** student friendly. Hope this book will motivate the students for further study in the subject.

We express our profound gratitude to our teachers, well-wishers and teacher friends for their encouragement in the preparation of this book, we are also thankful to **Edwise Publishers - Learn wise**, Mangalore, for bringing out this book.

We shall be pleased to welcome suitable suggestions from our learned colleagues & students to enhance the utility of the book.

June, 2022
Mangaluru

Authors



Bachelor of Business Administration

BUSINESS ENVIRONMENT

Course Credits	No. of Hours per Week	Total No. of Teaching Hours
4 Credits	4 Hrs	56 Hrs

Pedagogy: Classrooms lecture, tutorials, Group discussion, Seminar, Case studies.

Course Outcomes: On successful completion Student will demonstrate. An Understanding of components of business environment. Ability to analyze the environmental factors influencing business organization. Ability to demonstrate Competitive structure analysis for selects industry. Ability to explain the impact of fiscal policy and monetary policy on business. Ability to analyze the impact of economic environmental factors on business.

Syllabus	Hours
Module No. 1: INTRODUCTION BUSINESS ENVIRONMENT	12

Meaning of business, scope and objectives Business, business environment, Micro and Macro environment of business (social, cultural, economic, political, legal technological and natural) Impact of these factors on decision making in business, Environmental analysis, and Competitive structure analysis of Business.

Module No. 2: GOVERNMENT AND LEGAL ENVIRONMENT	16
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Government Functions of the State, Economic role of government, State intervention in business reasons for and types of state intervention in business. Impact of Monetary policy, Fiscal policy, EXIM policy and industrial policy on business. Legal environment - Various laws affecting Indian businesses.

Module No. 3: ECONOMIC ENVIRONMENT AND GLOBAL ENVIRONMENT	13
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An overview of economic environment, nature of the economy, structure of economy, factors affecting economic environment. Globalization of business; meaning and dimensions, stages, essential conditions of globalization, foreign market entry strategies, merits and demerits of globalization of business, Impact of Globalization on Indian businesses, Forms of globalization of businesses- MNCs, TNCs etc.

Module No. 4: TECHNOLOGICAL ENVIRONMENT**10**

Meaning and features; types of innovation, Impact of Technological changes on business, Technology and Society, Technological Acquisition modes, IT revolution and business, Management of Technology.

Module No. 5: NATURAL ENVIRONMENT**05**

Meaning and nature of physical environment. Impact of Natural environment on business

Skill Developments Activities:

- a) List out key features of recent Monetary policy published by RBI impacting businesses.
 - b) Give the observation as to how technology has helped society.
 - c) Draft Five Forces Model for Imaginary business.
 - d) Identify the benefits of Digital transformation in India.
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MODULE-I

INTRODUCTION BUSINESS ENVIRONMENT

INTRODUCTION TO BUSINESS

Business is an important institution in society. Be it for the supply of goods or services, creation of employment opportunities, offer of better quality life, or contribution to the economic growth of a country, the role of business is crucial."A Business is nothing more than a person or group of persons properly organized to produce or distribute goods or services. The study of business is the study of activities involved in the production or distribution of goods and services-buying, selling, financing, personnel and the like".

From the micro point of view, a business is an economic institution, as it is concerned with production and/or distribution of goods and services, in order to earn profits and acquire wealth. Different kinds of organizations (i.e., sole trader ship, partnership, Joint Stock Company and co-operative organization) are engaged in business and are operating from small scale, as in case of grocery in a start, to large scale.

MEANING:

A Business is defined as an organization or enterprising entity engaged in commercial, industrial, or professional activities. Businesses can be for-profit entities or non-profit organizations. Business types range from limited liability companies, sole proprietorships, corporations, and partnerships

Business is an organization comprising people who strive together to achieve common objectives and goals. It is important for a business organization to have a vision that

implies what it intends to achieve in the future and values that represent the organization's integrity.

A Business organization is a commercial, industrial, or mercantile enterprise, and comprises the people who constitute it. Business is a legally-recognized organization which provides goods, services, or both to the consumers.

DEFINITIONS

K. Ashwathapa "Complex field of commerce and industry in which goods and services are created and distributed in the hope of profit within a framework of laws and regulations".

According to F. C. Hooper, "The whole complex field of commerce and industry, the basic industries, processing and manufacturing industries, the network of ancillary services, distribution, banking, insurance, transport and so on, which serve and interpenetrate the work of business as a whole, are business activities."

According to Melvin Anshen, it is the way, men make their living, in short, the term, and "Business refers to the activity which is pursued by a human being of the acquisition of wealth".

Literally, "**Business**" means the state of being busy. It is associated with any activity that one can be busy about.

Business is an economic activity that involves the exchange, purchase, sale or production of goods and services with a motive to earn profits and satisfy the needs of customers. Businesses can be both profit and non-profit organizations that function to gain profits or achieve a social cause respectively.

Business may be understood as the organized efforts of enterprise to supply consumers with goods and services for a profit. Businesses vary in size, as measured by the number

of employees or by sales volume. But, all businesses share the same purpose: to earn profits. The purpose of business goes beyond earning profit. There are:

- It is an important institution in society.
- Be it for the supply of goods and services.
- Creation of job opportunities.
- Offer of better quality of life.
- Contributing to the economic growth of the country.

Hence, it is understood that the role of business is crucial. Society cannot do without business. It needs so emphasis that business needs society as much.

The nature of a business describes the type of business it is and what its overall goals are. It describes its legal structure, industry, products or services, and everything a business does to reach its goals. It depicts the business's problem and the main focus of the company's offerings. A company's vision and mission statement also provide an insight into its nature.

NATURE OF BUSINESS

The nature of business is a structured method of describing a company. This concept is a synthesis of what type of business it is and what the business does. It encompasses everything a business does to reach its goals and describes the main focus of the company's offerings. Following are the nature of business:

1. Regular process:

This separates businesses from hobbies. Businesses have processes that repeat over and over again to produce the same result. That result is a product or service for consumers and income for the business owner.

2. Economic activity:

All businesses activities have the core goal of generating income and maximize profit. The whole sole purpose of the economic activity nature of a business is maximizing wealth agenda

3. Utility creation:

To be useful to customers, the product or service must be delivered at the right time and place, and it should solve a problem or meet a need. Goods that are not accessible to consumers, for one reason or another, serve no use.

4. Capital requirement:

In simple terms, it takes money to make money. Every business requires employees, equipment and other goods that cost money. These are necessary for producing the product or delivering the service that leads to income.

5. Goods and services:

All businesses deliver something to the public. Some businesses produce tangible goods, such as clothes or cars. Others produce intangible services, such as computer repairs.

6. Anticipated risk:

All businesses require some level of investment of time and money. Sometimes a business owner makes money, and sometimes a business owner loses money. There's always a risk of losing money when doing business, and some risks are more common in certain industries than others.

7. Profit-earning motive: The central motive for starting a business is to make a profit.

8. Satisfaction of consumers' needs:
