

BUSINESS ENVIRONMENT

**Second Semester, B.B.A Classes
As per New National Education Policy (N.E.P)**

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**Name of the Program: Bachelor of Business Administration
(BBA) Course Code: BBA 2.3 Name of the Course:**

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

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

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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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.

HENCE, 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.

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.

A 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.
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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:** Businesses operate on supply and demand. When consumers express a want or need, wise businesses answer the call by supplying something to meet that demand.
 9. **Involvement from the buyer and seller:** In every business transaction, the customer buys something and the business sells something.
 10. **Social obligations:** Businesses have an impact on their communities at large. They hire people, form relationships with other businesses and help communities by offering a needed product or service. They may also give back to the community through philanthropic efforts or enrichment programs.
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SCOPE OF BUSINESS

The scope of business is very comprehensive. It encompasses all human activities, which tend to satisfy needs and wants of the human beings living in a society. A large part of the business is concerned with providing the final or finished products or goods to the desired people. Business has a very wide scope. It includes large number of activities.

The scope of business can be described as follows

1. **Improvement in standard of living:-** Business helps people in general to improve their standard of living.
2. **Proper utilization of resources:-** It leads to effective utilization of the scarce resources of society. It provided facility of mass production.
3. **Better Quality & large variety of goods & service:-** It involves production, purchase & sale of goods & service for price. Customer satisfaction is the backbone of modern business. Services such as supply of water, electricity etc, may be considered highly significant for the community.
4. **Creates utilities:-** Business makes goods more useful to satisfy human wants. It adds to products the utilities of person, time, place, form, knowledge etc. Thus, people are able to satisfy their wants effectively & economically.
5. **Employment Opportunities:-** It provides employment opportunities to large number of people in society.
6. **Workers welfare:-** business organisation these days take care of various welfare activities for workers. They provide safer & healthier work environment for employees.

These activities may be broadly grouped as industry and commerce

1. **Industry:** The term industry refers to that part of business activity which directly concerns itself with production, processing or fabrication of goods and services. It creates form utility. In industry, raw materials are converted in to finished products, which can be used for consumption. Some industries manufacture consumer goods while others manufacture capital goods. Following are the various types of industries
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- a) **Primary Industries:** These industries are engaged in the production of primary goods, such as rice, cotton, fish etc. The best examples of this type of industries are Agriculture, fishing etc.
 - b) **Genetic Industries:** 'Genetic industry involves breeding and reproduction of plants and animals for the purpose of sale. Poultry, Plant nurseries, sericulture etc. are examples of genetic industry. The price of products available from such activities is generally less.
 - c) **Extractive Industries:** Extractive industries extract valuable minerals, ores etc. from the natural elements like soil, water
2. **Commerce:** Commerce refers to all those activities which help directly or indirectly in the distribution of goods to the ultimate consumer.

(a) **Functions of Commerce**

1. Helps in Removing the Hindrance of persons.
2. Helps in Removing the Hindrance of place.
3. Helps in Removing the Hindrance of time.
4. Helps in Removing the Hindrance of Exchange.
5. Helps in Removing the Hindrance of Risk.

(b) **Classification of Commerce**

- I. Trade
- II. Aids to Trade

- I. **Trade :** Trade is an integral part of commerce. It refers to buying and selling of goods and services.

Trade can be classified into two types

- a) Internal
- b) External trade

- a) **Internal Trade :** Internal Trade refers to buying and selling of goods or services with in the geographical boundaries of a country. It is also known as Home Trade.
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