



BUSINESS ENVIRONMENT

GROUPING OF SUBJECTS

SYLLABUS B.COM. PART-I

GROUPING OF SUBJECTS AND SCHEME OF EXAMINATION

Subject		Max.	Min.
i) Environmental Studies	75	100	33
Field Work	25		
A. Foundation Course			
I. Hindi Language		75	26
II. English Language		75	26
B. Three Compulsory Groups			
Group-I			
I. Financial Accounting	75	150	50
II. Business Communication	75		
Group-II			
I. Business Mathematics	75	150	50
II. Business Reg. Framework	75		
Group-III			
I. Business Environment	75	150	50
II. Business Economics	75		

SYLLABUS AS PER PT.RSU

B.Com Part- I

Compulsory

Group – III

Paper – I– BUSINESS ENVIRONMENT

OBJECTIVE – To acquainting the students with the emerging issues in business at the national and international level in the light of the policies of liberalization and globalization.

Proposed Syllabus

UNIT –I

Business Environment : Concept, Components and Importance ,Economic Trends (overview) : Income : Saving and investment ; Trade and balance of payment, Money and Finance .

UNIT –II

Problems of Growth : Unemployment ; Poverty ; Regional imbalances ; Social Injustice; Inflation ; Parallel economy ; Industrial sickness.

UNIT –III

Role of Government ; Monetary and fiscal policy ; Industrial policy ; Industrial licensing. Privatization ; Liberalisation, Globalisation Devaluation; Demonitisation; Export-Import policy.

UNIT –IV

Economic Planning in India : Need, objectives, Strategy; Review of Previous Plans, Planning Commission.
Foreign Exchange Management Act 2000 : Basic Concept and Main Provisions.

UNIT –V

International Environment ; Trends in World trade and the problems of developing countries; Foreign trade and economic growth; International economic groupings – GATT. ,WTO ,UNCTAD, World Bank, IMF; FDI.

REFERENCE BOOKS

Suggested Readings:

1. Agarwal A. N. : Indian Economy, Vikas Publishing House Delhi. (English medium)
2. Khan Farooq A : Business and Society; S. Chand , Delhi. (English medium)
3. Dutt R. and Sundharam K. Pm. ; Indian Economy; S. Chand , Delhi. (English medium)
4. Misra S.K. and Puri V.K. : Indian Economy; Himalaya Publishing House, New Delhi. (English medium)
5. Dr. V.C. Sinha; Business Environment; SBPD Publishing House, Agra . (Both Hindi and English medium)

UNIT I

Business Environment:

Concepts, Components, Importance

Economic trends:

Income(Savings and Investment); Trade and
balance of payment ; Money and finance

TOPICS TO BE COVERED

- Introduction to Business Environment
- Meaning and definition
- Concept, Components and Dimensions
- Significance/Need Of study
- Environmental Analysis and Scanning
- Saving and investment in India
- Balance of Trade and Payment
- Money and Finance
- National Income

CONCEPT OF BUSINESS

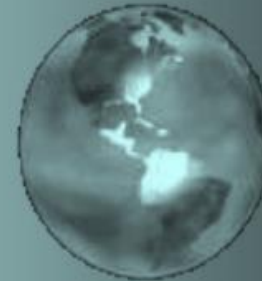


CONCEPT OF ENVIRONMENT

WHAT IS ENVIRONMENT



- Environment is the surrounding in which an organization operates, including air, water, land, natural resources, flora, fauna, human beings, and their interrelation.



- Surrounding in this context extend from within an organization to the global system.

CONCEPT OF BUSINESS ENVIRONMENT

- Business environment is a set of a lot many forces that are largely outside the control and influence of a business , and that can potentially have both a positive as well as a negative impact on the business
- Business is vitally affected by the economic, social, technological, and political factors. These factors collectively form business environment.

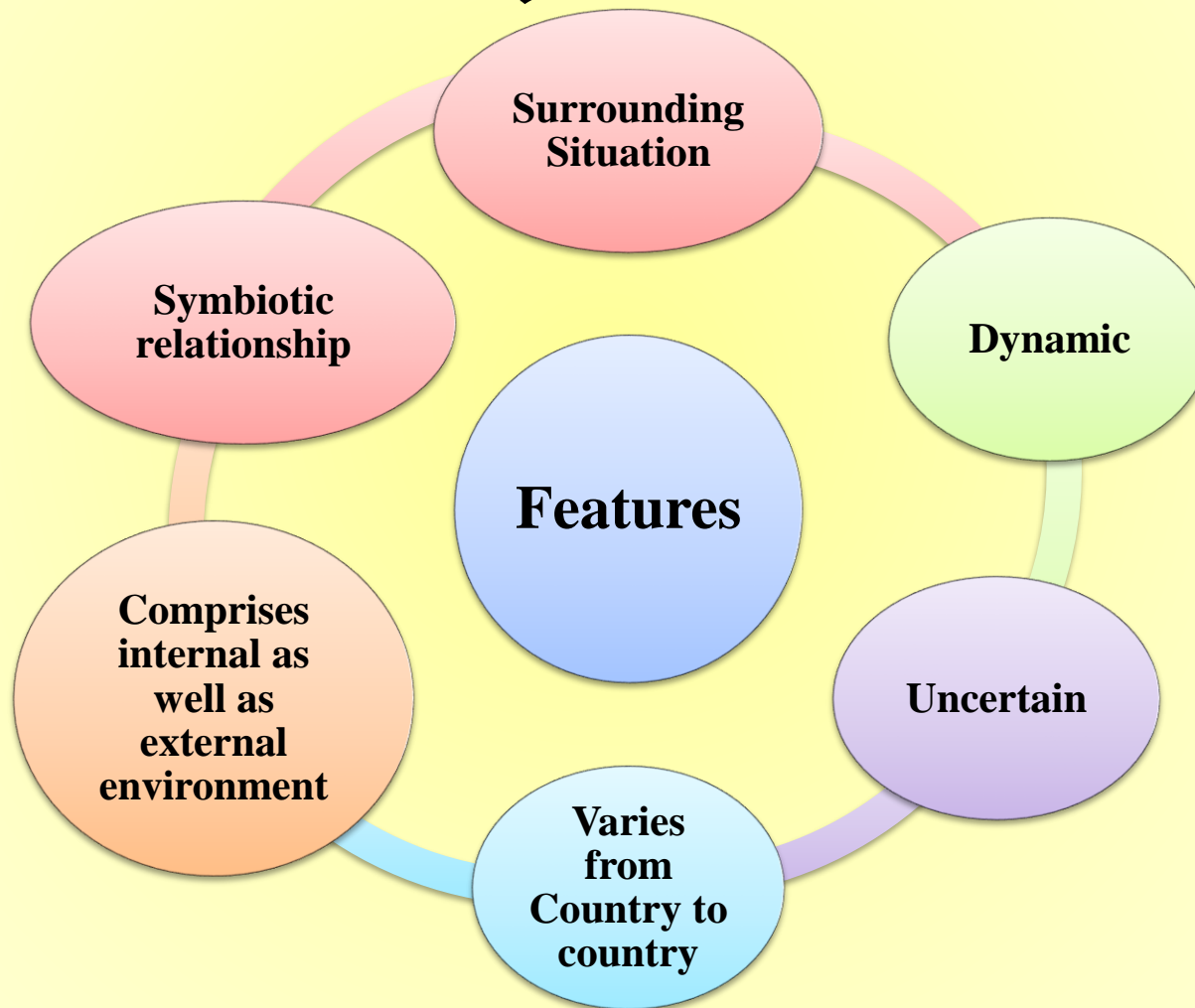
CONCEPT OF BUSINESS ENVIRONMENT

- The term business environment refers to all the forces that have a bearing on the operational functioning of the business.
- Thus, Business environment is the total of all external as well as internal forces which affect the organization and its operation.

DEFINITIONS:-

- “Business environment consists of all external and internal forces that influence the complex interaction of the market, production and finance-the three basic components of business world.”- *J.A Kritz and C.T Duggan*
- “ Business environment is the aggregate of all conditions, events, and influences that surround and affect it.” – *Keith Davis*

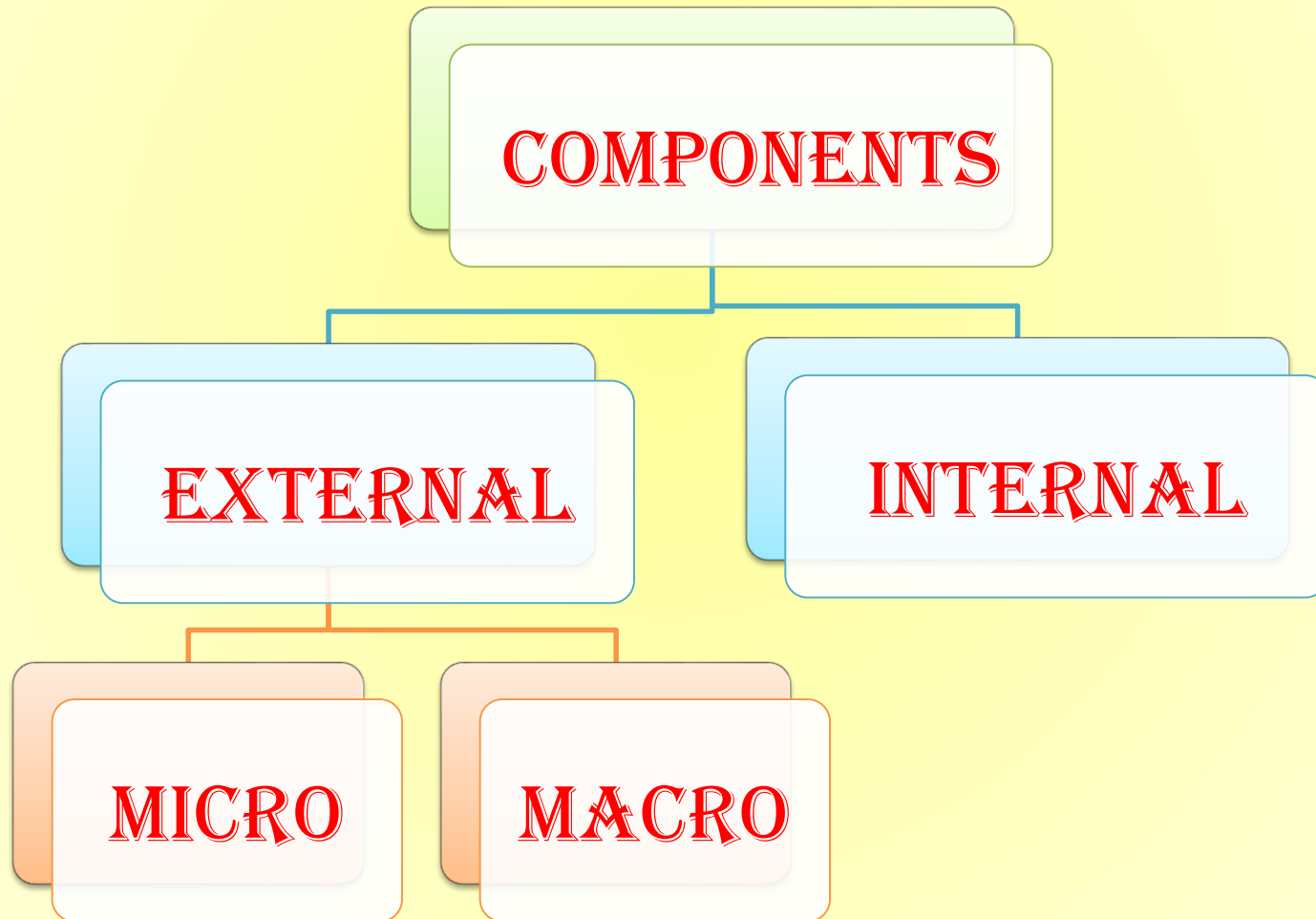
FEATURES OF BUSINESS ENVIRONMENT



IN A NUTSHELL,

- B.E is a sum total of all the factors tht greatly influence their functioning
- It covers factors and forces like customers, competitors, suppliers, govt. and social, cultural, political, technological and legal conditions
- B.E is dynamic in nature, keeps on changing
- Uncertain and unpredictable.
- Differees from place to place, region to region and country to country.

COMPONENTS OF BUSINESS ENVIRONMENT



COMPONENTS

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graph TD; A[COMPONENTS] --> B[EXTERNAL]; A --> C[INTERNAL]; B --> D[MICRO]; B --> E[MACRO]; D --> D1[-Suppliers]; D --> D2[-Customers]; D --> D3[-Competitors]; D --> D4[-Marketing Channels]; D --> D5[Public]; E --> E1[-Economic]; E --> E2[-Political and Legal]; E --> E3[-Social and Cultural]; E --> E4[-Technological]; E --> E5[-Ecological or Natural]; E --> E6[-International]; C --> C1[-Strategy]; C --> C2[-Structure]; C --> C3[-Personnel Capability]; C --> C4[-Financial Capability]; C --> C5[-Marketing Capability]; C --> C6[-Operating Capability]; C --> C7[-Technical Capability]; C --> C8[-Internal Powers]; C --> C9[-Value system];
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EXTERNAL

MICRO

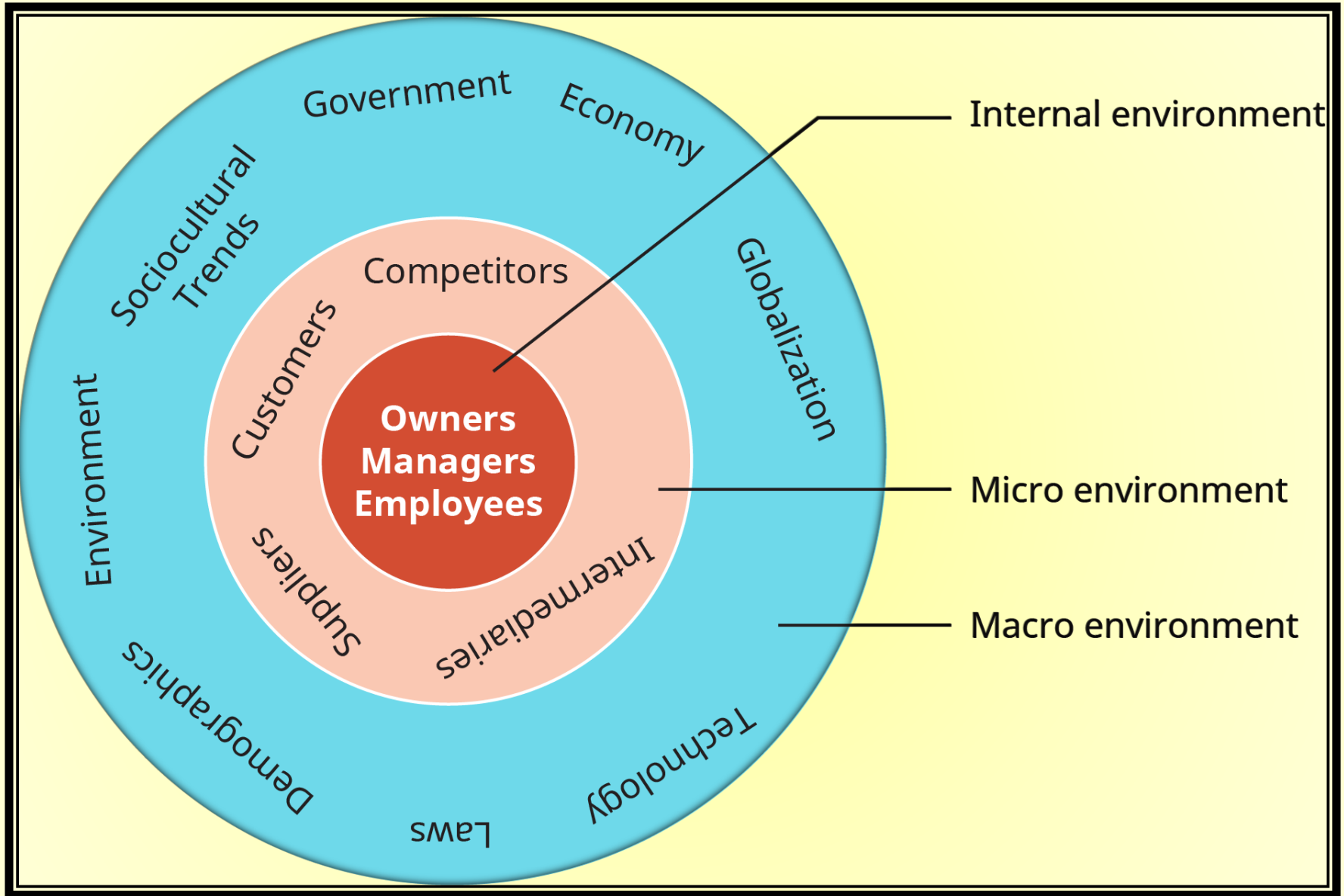
- Suppliers
- Customers
- Competitors
- Marketing Channels
- Public

MACRO

- Economic
- Political and Legal
- Social and Cultural
- Technological
- Ecological or Natural
- International

INTERNAL

- Strategy
- Structure
- Personnel Capability
- Financial Capability
- Marketing Capability
- Operating Capability
- Technical Capability
- Internal Powers
- Value system



I. INTERNAL ENVIRONMENT

STRATEGY

- A blue print indicating the courses of action required

STRUCTURE

- Relationship between different levels of management, and between other parties involved

PERSONNEL CAPABILITY

- Recruitment and training and development of personnel in an organization

FINANCIAL CAPABILITY

- Study of various factors affecting financial capability of an organization.

MARKETING CAPABILITY

- Study of factors affecting an organization's marketing resources.

OPERATING CAPABILITY

- Ability to implement the strategies and policies of the organization

TECHNICAL CAPABILITY

- Effectiveness, efficient and optimized use of technology that is required

INTERNAL POWERS

- Largely depending on relationship capability of an organization

VALUE SYSTEM

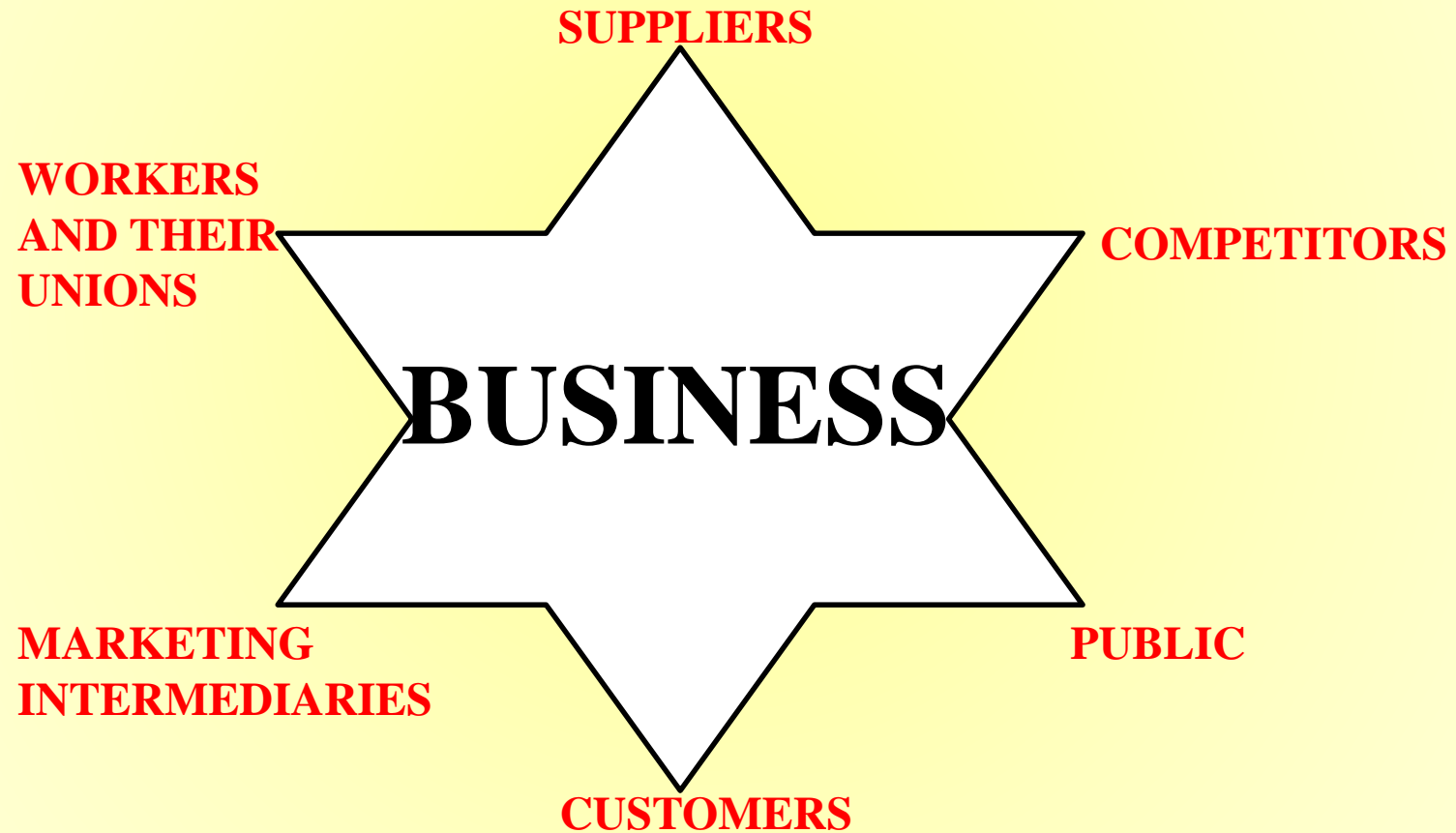
- Refers to the ethics of the business as followed by an organization.



II. EXTERNAL ENVIRONMENT

MICRO ENVIRONMENT	MACRO ENVIRONMENT
Suppliers	Economic Environment
Customers/Clients	Political and Legal Environment
Competitors	Social and Cultural Environment
Marketing Intermediaries	Technological Environment
Public	Demographic Environment
	Ecological or Natural Environment
	International Environment

I. MICRO ENVIRONMENT



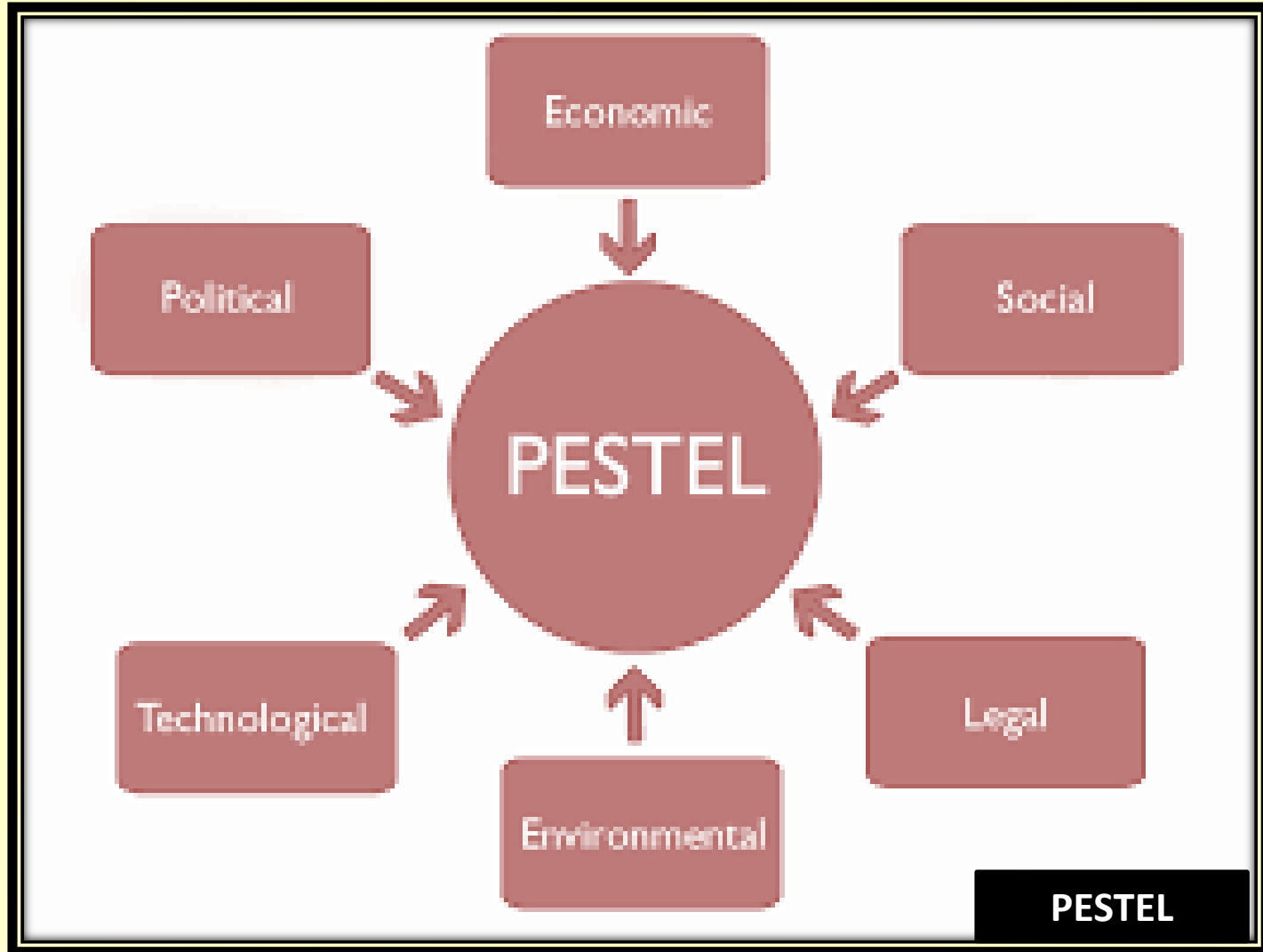
I. MICRO ENVIRONMENT

COMPONENTS	DESCRIPTION
Suppliers	The relationship amidst the firm and its suppliers represents a power equation, based on the industry conditions and their dependence on each other.
Customers/Clients	The firm needs to analyze what the customers expect from their products and services so that the firm can satisfy them.
Competitors	For a firm to survive competition it is required to keep a close watch on the competitors (both existing and potential) future moves and actions, so as to prepare in advance, as well as to predict the response of competitors to company's moves

I. MICRO ENVIRONMENT

Marketing Intermediaries	Intermediaries refer to marketing intermediaries which cover agents, merchants, distributors, dealers, wholesalers, etc. that participate in the company's supply chain, in stocking and transporting the goods from their source location to their destination.
Public	The environmentalists, consumer protection groups, media persons and local people are some of the well-known examples of publics. The company has a duty to satisfy the people at large along with competitors and the consumers.
Workers and their unions	industrial relation is more important to improve the company, otherwise conflict between labor and management leads to Sick Unit.

II. MACRO ENVIRONMENT



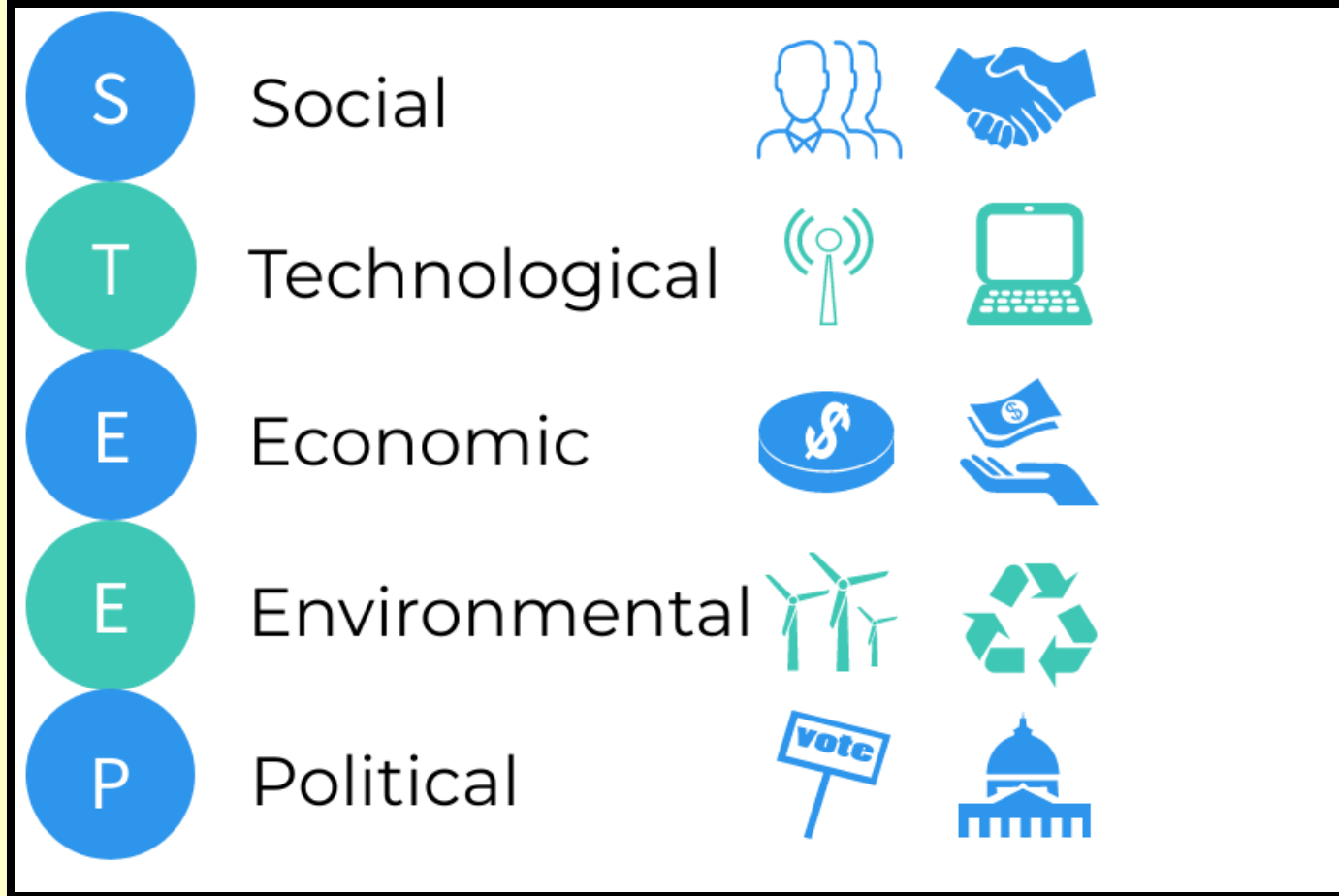
II. MACRO ENVIRONMENT

COMPONENTS	DESCRIPTION
Economic Environment	Economic system, economic policies, other economic conditions
Political and Legal Environment	Ideology of Govt, political establishment, political stability, political stability
Social and Cultural Environment	People's attitude to work and health, ethical issues, role of family, marriage, religion, culture, education etc.
Technological Environment	Improvement in productivity, risk bearing capacity, better utilization of resources.
Demographic Environment	Age, sex, family size, caste, religion, educational level.
Ecological or Natural Environment	Climatic and weather conditions, geographical industries, topological factors, location of industries.
International Environment	World economic conditions, international financial systems, world-wide economic recession.

PESTEL MODEL:



STEEP MODEL



DESTEP MODEL

DESTEP analysis

- » **D**emographic forces
- » **E**conomic forces
- » **S**ocio-cultural forces
- » **T**echnological forces
- » **E**cological forces
- » **P**olitical forces

DIFFERENCE BETWEEN :

COMPONENT	MICRO ENVIRONMENT	MACRO ENVIRONMENT
Definition	The micro-environment is basically an internal or nearby environment of a company in which it operates.	The macro-environment is considered as an external or general environment of the company that can create an impact on the working of the whole business of the company.
Elements or factors	The 6 main elements of the microenvironment are i.e. customers, suppliers, media or public, employees, shareholders, competitors.	The 6 main factors of Macro environment include demographic, economic, natural, socio-cultural, technological, political-legal.
Elements nature	The nature of the elements of the microenvironment is less complex and more specific. Generally industry-specific factors.	Elements are more complex and general. More of regional, national or global.
Influence on organization	Direct and regular impact on marketing decisions and also remains independent.	It creates an indirect impact on marketing decisions up to a great extent.
Activities of marketer	Interaction of marketers with different functions within the organization.	The interaction of marketers is with other elements that are outside to organization.
Marketing control	Controllable factors by marketers	Uncontrollable factors that are beyond the control of marketers.
Functioning	Factors may function in the form of strengths and weaknesses of an organization	Factors may function in the form of opportunities and threats to the external market.