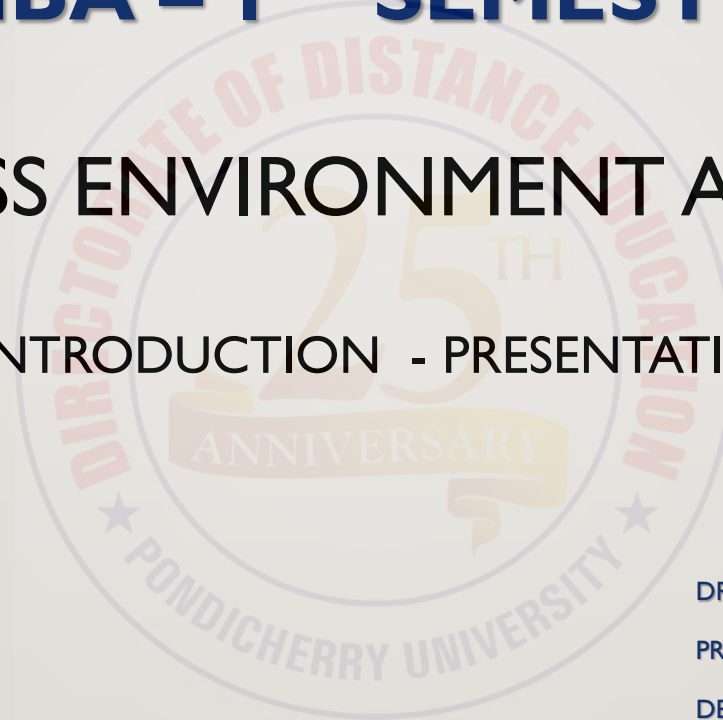


PONDICHERRY UNIVERSITY  
DIRECTORATE OF DISTANCE EDUCATION

**MBA – I<sup>ST</sup> SEMESTER**

**BUSINESS ENVIRONMENT AND LAW**

AN INTRODUCTION - PRESENTATION - I



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WHAT IS BUSINESS???

• Business of Business is Business



# WHAT IS BUSINESS???

- Business of Business is Business !!!!!

- Business is an entity engaged in activities as a means of earning profit or

which engages in such activities.

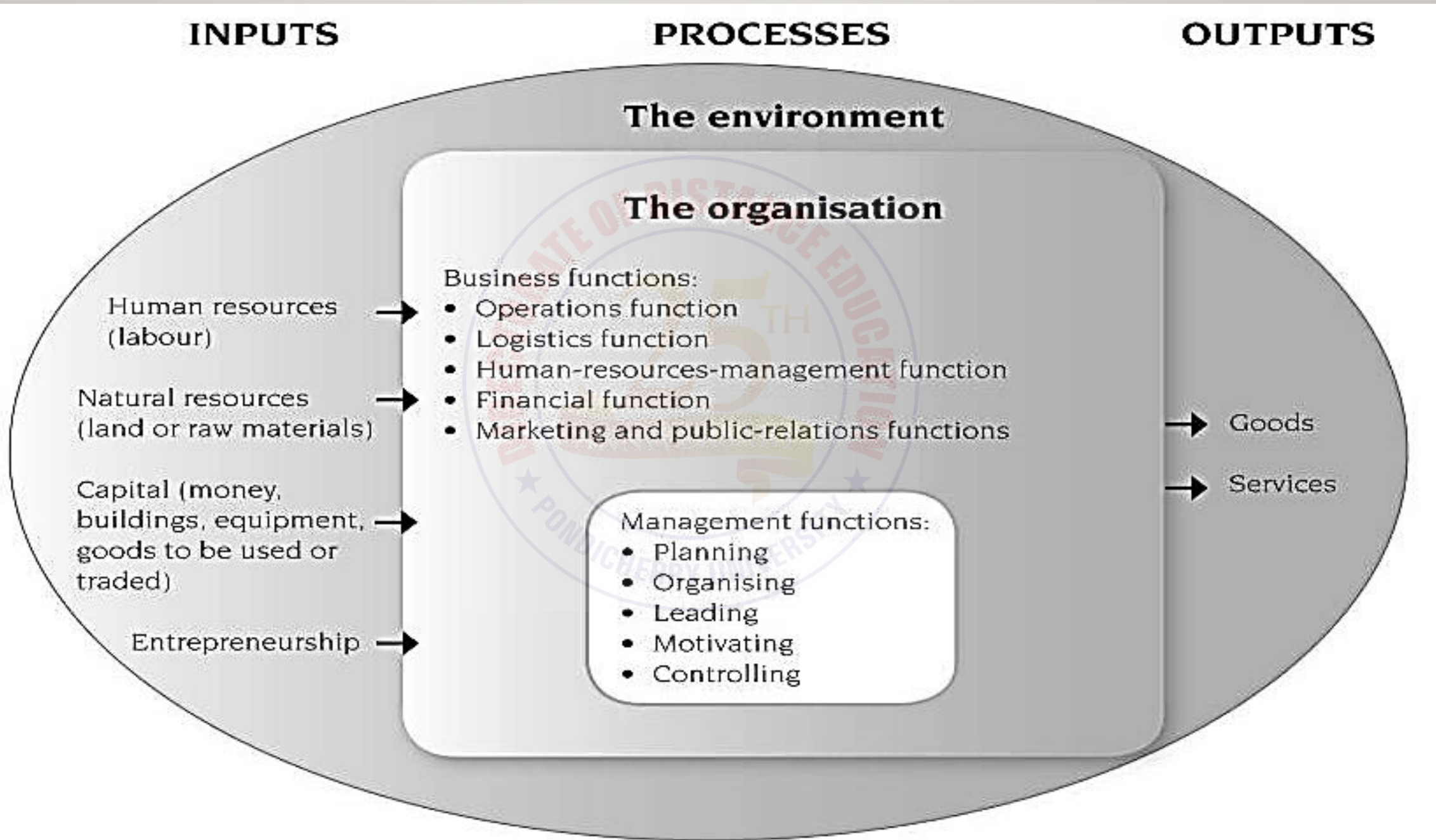
# WHAT IS BUSINESS???

- Business may be understood as the organized efforts of enterprises to supply consumers with goods or/and services for a profit.

It is an important institution in society and the role of business is crucial.

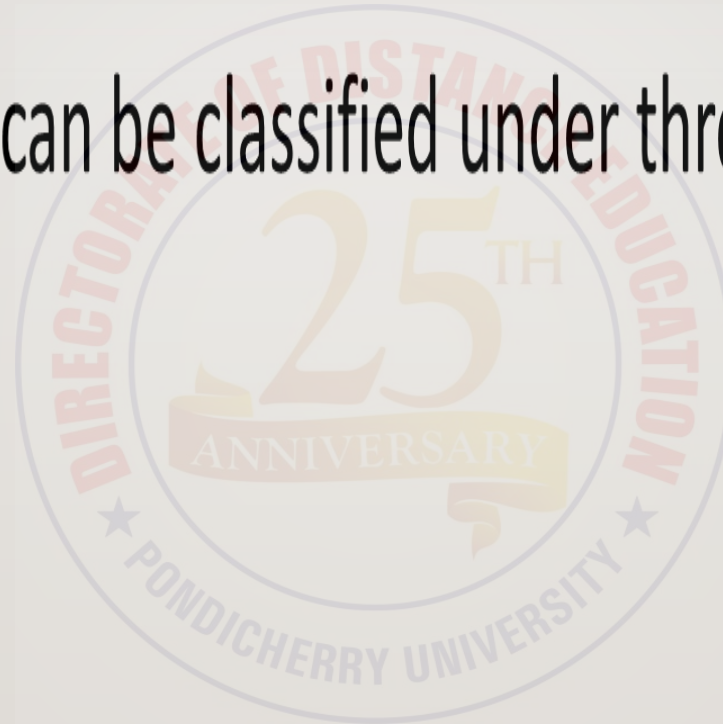
- Be it for the supply of goods and services
- Creation of job opportunities
- Helping to improve Standard of Living
- Contributing to the economic growth of the country and putting it on the global map

# FIGURE: THE ORGANISATION AS A BUSINESS SYSTEM



# OBJECTIVES OF BUSINESS

- Objectives of Business means the purpose for which the business is established.
- The objectives of business can be classified under three heads:
  - economic objectives
  - Social objectives
  - Human objectives

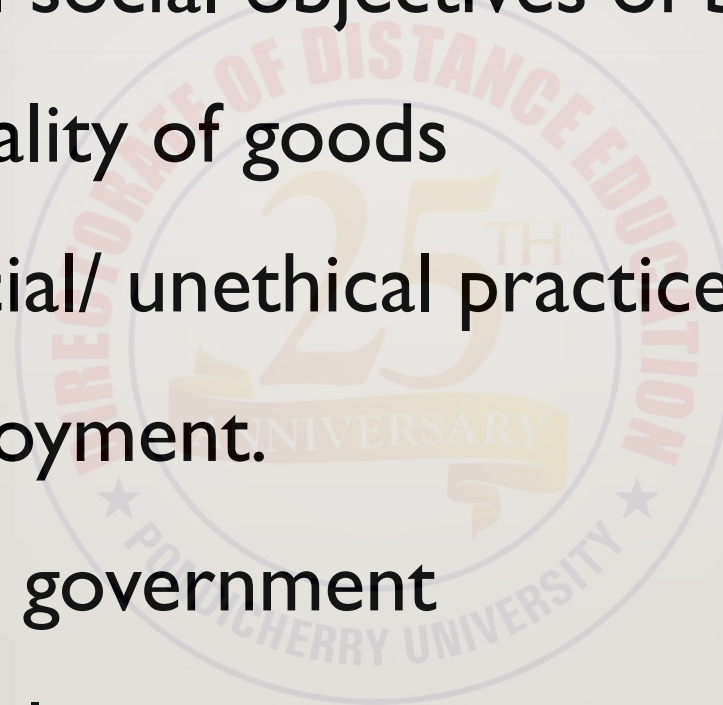


# ECONOMIC OBJECTIVES

- Business is primarily an economic activity. The major economic objectives to be achieved by business are:
  - (1) Earning of profit
  - (2) Creation of market
  - (3) Innovations.

# SOCIAL OBJECTIVES

- The social objectives of business is gaining more and more recognition .The main social objectives of business are:
- Supply of standard quality of goods
- Avoidance of anti-social/ unethical practices
- Providing more employment.
- Cooperation with the government
- Optimal use of natural resources





# HUMAN OBJECTIVES

- The human objectives of business are
- The employees working in a business should be fairly rewarded
- A healthy climate is to be created by providing opportunities to the employees for development of new skills and abilities.
- The employees should have say in the activities of the organization which directly affect them.
- Thinking of modern business must go well beyond material benefits of its employees. It must reduce unpleasantness of work and plan for job satisfaction to the workers.

# CONTEMPORARY BUSINESS GOALS

- Profit (Bottom-line)
- Growth
- Market Leadership
- Customer satisfaction
- Employee satisfaction
- Quality Products & Services
- Service to Society



# CHARACTERISTICS OF BUSINESS



# ENVIRONMENT

- Environment refers to all external forces which have a bearing on the functioning of business. 'Environment is largely, if not totally, external and beyond the control of individual Business enterprises and their management. These are essentially the givers, within which firms and their managements must operate in a specific country and they vary, from country to country and industry to industry'.

# ENVIRONMENT

- The environment of any organization is “the aggregate of all conditions, events and influences that surround and affect it.”

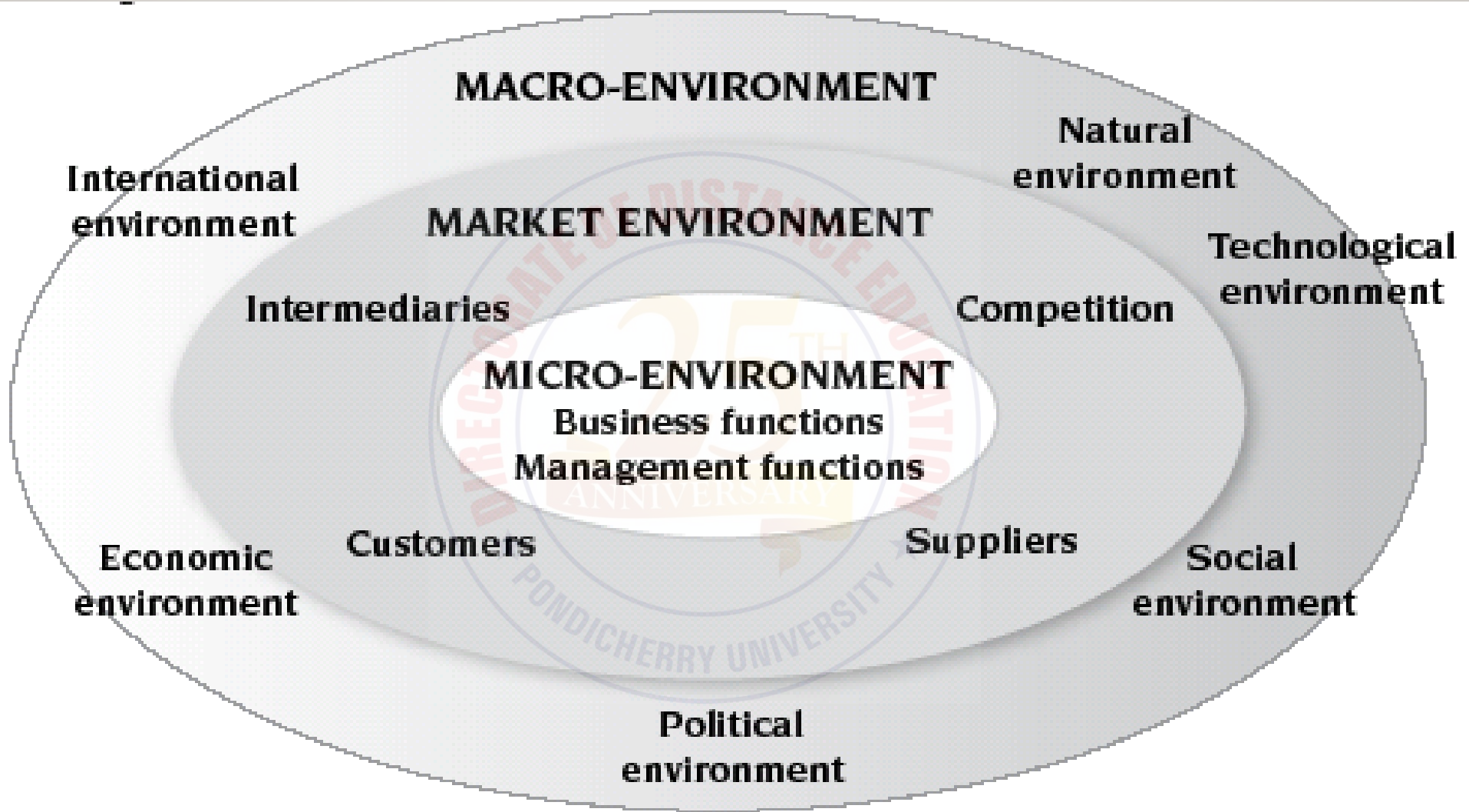
## Need to look in to Business Environment

- Business organisations are not self-sufficient or self-contained
- Obtain resources from society and environment
- Mutual dependency increases in complexity when variable in environment change
- Innovation or political developments bring about change that impacts in different ways
- Change is the only constant reality of our time
- Environmental variables are constantly changing in which businesses operate
- New opportunities and threats emerging daily
- Management must adapt to these changes to ensure survival in a competitive environment
- To do this, it is crucial to understand the composition of this business environment

# BUSINESS ENVIRONMENT

- Business Environment may be defined as a set of conditions – Social & Cultural, Technological, Economic, Political & Legal, International, Natural, and Institutional factors that are *uncontrollable* in nature and *affects* the functioning of organization.

# FIGURE :THE BUSINESS ENVIRONMENT





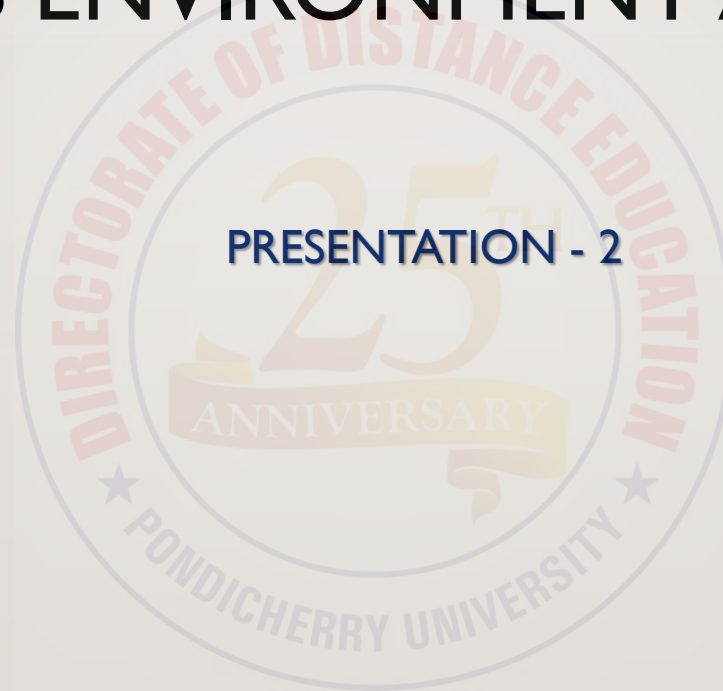
**Thank You**



# MBA – I<sup>ST</sup> SEMESTER

## BUSINESS ENVIRONMENT AND LAW

PRESENTATION - 2



# HOW TO REMEMBER BUSINESS ENVIRONMENT

- Remember the catch word 'STEP IN' which stands for

**S** – Social & Cultural factors,

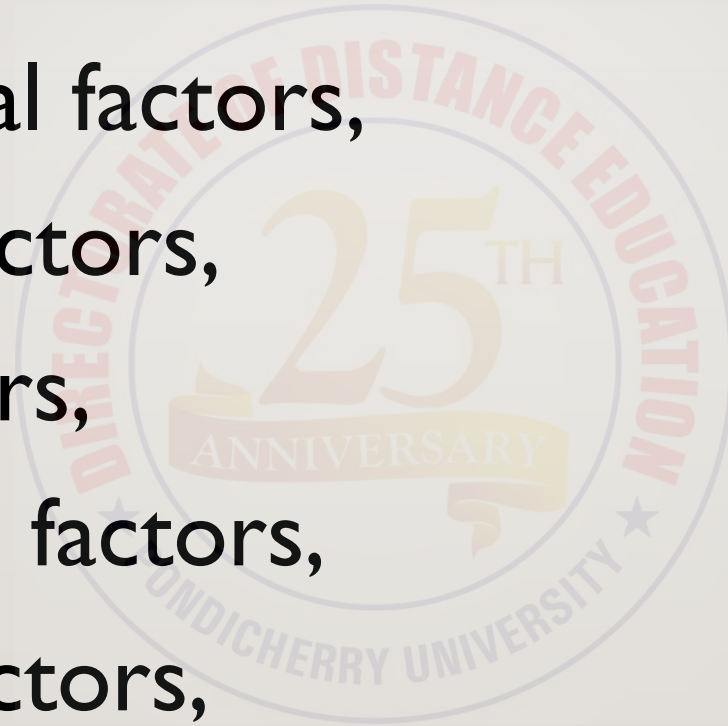
**T** – Technological factors,

**E** – Economic factors,

**P** – Political & Legal factors,

**I** – International factors,

**N** – Natural factors.



IF YOU ARE NOT CARING, THEN



# CHARACTERISTICS OF BUSINESS ENVIRONMENT:

Complex, Dynamic, Multi-faceted and Far-reaching impact.

- 1. Business environment is compound in nature.
- 2. Business environment is constantly changing process.
- 3. Business environment is different for different business units.
- 4. It has both long term and short term impact.
- 5. Unlimited influence of external environment factors.
- 6. It is very uncertain.
- 7. Inter-related components.
- 8. It includes both internal and external environment.

# WHY TO STUDY BUSINESS ENVIRONMENT

- For Development of broad strategies to ensure sustainability
- To foresee the impact of socio-economic changes at the National and International levels on the firm's ability
- For Analysing the competitor's strategies and formulation of effective counter measures
- To keep oneself dynamic.

# TYPES OF ENVIRONMENT

- (1) Internal Business Environment (**controllable**)
- (2) External Business Environment (**uncontrollable**)
  - (A) External Micro Business Environment
  - (B) External Macro Business Environment
    - (i) Economic Business Environment
    - (ii) Non Economic Business Environment

# INTERNAL ENVIRONMENT

- Refers to all the factors that are **within an organization** and **controllable factors**. These include:
  - Value system
  - Mission and Objective
  - Management Structure and Nature
  - Human Resources
  - Company Image and Brand Equity
  - Other Factors
  - Physical Assets and Facilities
  - R & D and Technological Capabilities
  - Marketing Resources
  - Financial Resources





## INTERNAL ENVIRONMENT CONTINUED .....

- **Within an organization and Controllable factors.**

Internal Environment includes 5 Ms i.e. men ,material , money, machinery and management, usually within the control of business. Business can make changes in these factors according to the changes in the functioning of enterprise.

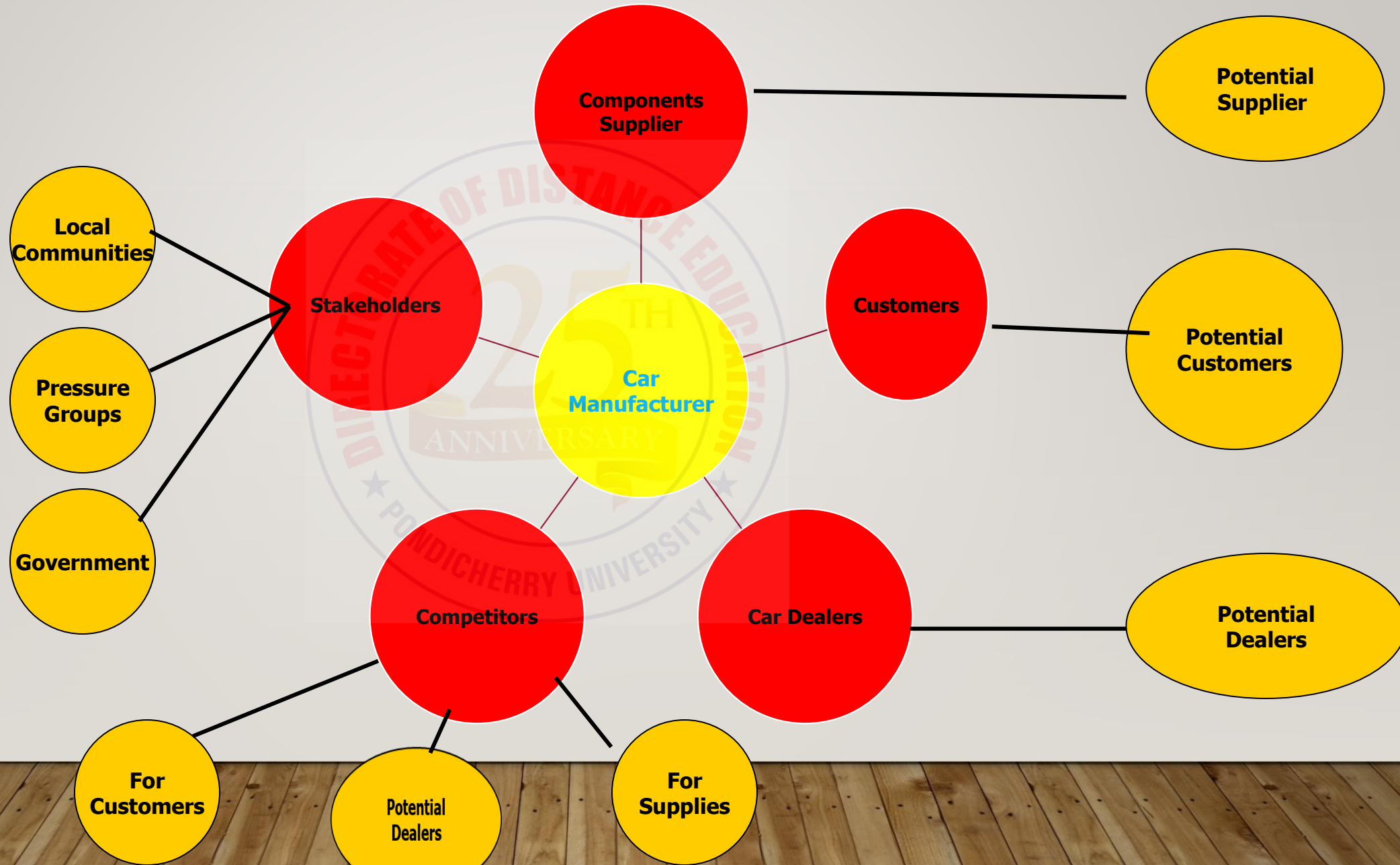
# EXTERNAL ENVIRONMENT

- Includes all factors **outside the organization** and **Uncontrollable** factors. Consists of Micro and Macro environment.
- Micro Environment: According to Charles Hill and Gareth Jones “ A company’s micro environment consists of elements that directly affects the company such as competitors , customers and suppliers.”

# EXTERNAL ENVIRONMENT

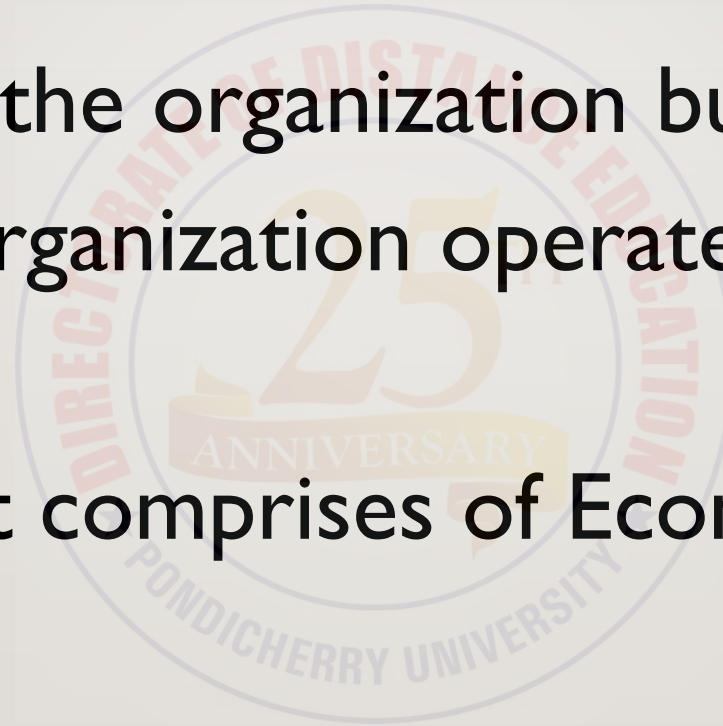
- Includes all factors **outside the organization** and **Uncontrollable** factors. Consists of Micro and Macro environment.
- Micro Environment: “It consists of the factors in the **company’s immediate environment** that affect the performance of the company”. Micro Environment Factors include
  - \*Suppliers      \*Customers      \*Marketing Intermediaries
  - \*Competitors      \*Financial Community      \*Public/Society

# MICRO ENVIRONMENT OF A TYPICAL CAR MANUFACTURER



# EXTERNAL MACRO ENVIRONMENT

- It comprises general trends and forces that may not immediately affect the organization but sooner or later will alter the way organization operates.
- Macro Environment comprises of Economic and Non Economic factors

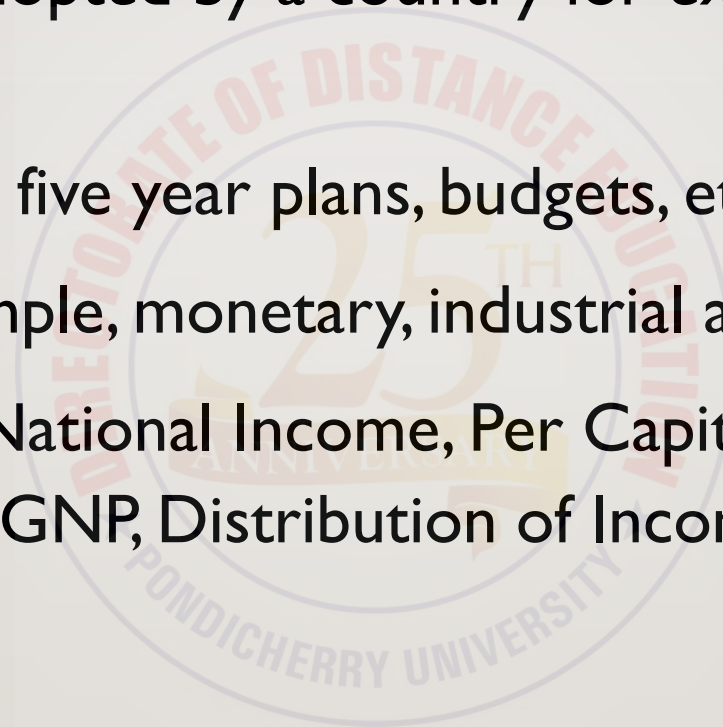


# EXTERNAL MACRO ENVIRONMENT

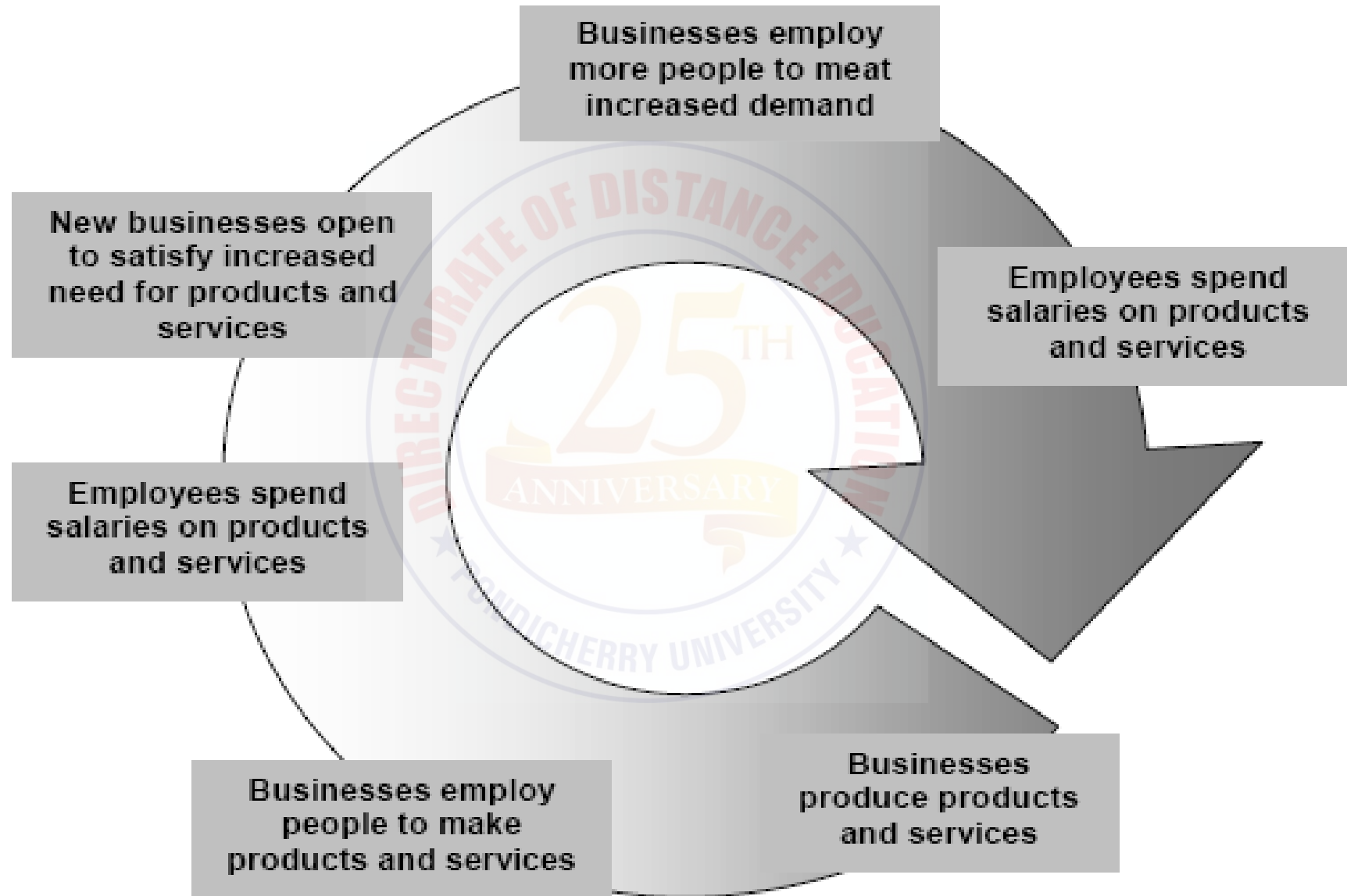
- Economic Environment of business has reference to the broad characteristics of the economic system in which the business operate. The present economic system is complex one. The business sector has economic relation with the government, capital market, household sector and global sector. These sector together influence the trend and structure of economy.

# EXTERNAL MACRO ECONOMIC ENVIRONMENT

- Economic stages that exists at a given time in a country
- Economic system that is adopted by a country for example. Capitalistic, Socialistic or Mixed Economy
- Economic planning, such as five year plans, budgets, etc.
- Economic policies for example, monetary, industrial and fiscal policies
- Economic Indices such as National Income, Per Capital Income, Disposable Income, Rate of growth of GNP, Distribution of Income, Rate of savings, Balance of Payments etc.
- Economic Problems
- Functioning of economy



# A HEALTHY ECONOMY





# EXTERNAL MACRO NON ECONOMIC ENVIRONMENT

- Socio - Cultural Environment & Demographic Environment
- Technological Environment
- Political Environment & Regulatory Environment
- International Environment
- Natural Environment



**Thank You**

