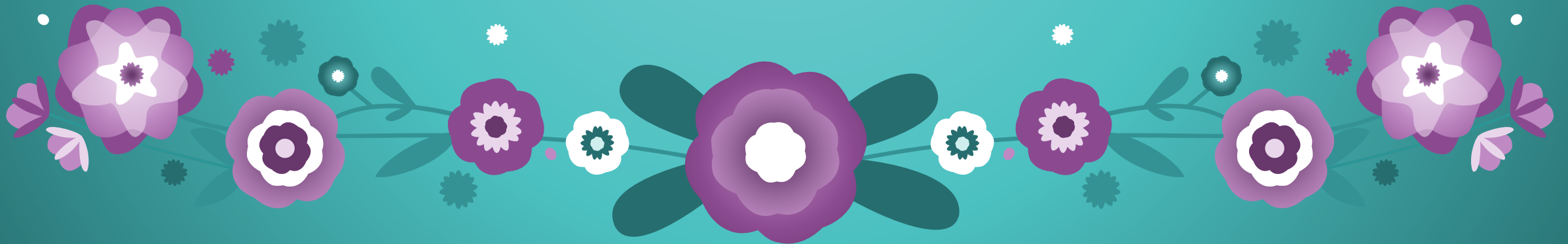


# Business Environment

## FYBAF



# Business and Business Objectives

## Introduction

- The term business literally means a state of being busy in performing certain activities
- The activities are classified as economic activities and non-economic activities.
- Economic activities are those which are taken up with the objective of earning money like business, profession and employment.
- Non-economic activities are those which are carried without objective of earning money like eating, sleeping, listening to music etc.

# Internal Exam

Test

15

Marks(Syllabus Till Date)

Assignment  
Notes)

10 Marks( PPT

Date

21st Nov 2021

# Definition of Business

**“Business is a human activity directed towards providing or acquiring wealth through buying and selling activities”**

**-by L.H. Haney**

**“Business may be defined as an organized effort by individuals to produce goods and services, to sell those goods and service in a market and to get some reward for this effort”**

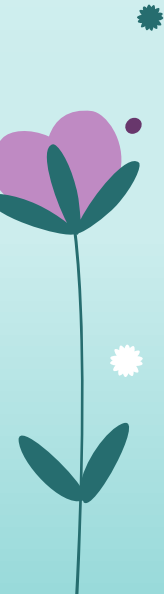
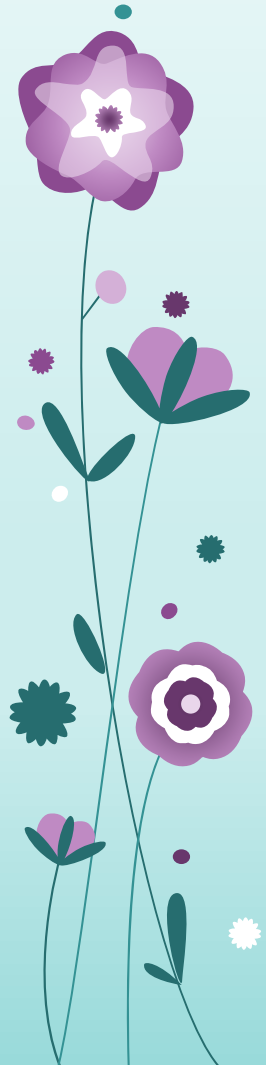
**-by Keith Davis**

**“Business is an organized effort by individuals to produce goods an services, to sell these goods and services in a market place and to reap some reward for these efforts”**

**-by Wheeler B.O**

# Features of Business

- **Economic Activity**
- **Basic is buying and selling**
- **Dealing in goods and services**
- **Continuous activity**
- **Profit motive**
- **Element of risk**
- **Creative and dynamic**
- **Social activity**
- **Government control**



# Importance of Business

- **Importance of Business**

- **Importance of Consumers**

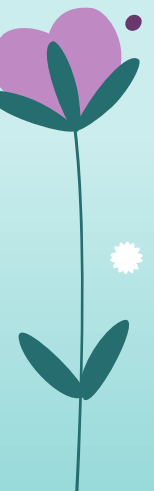
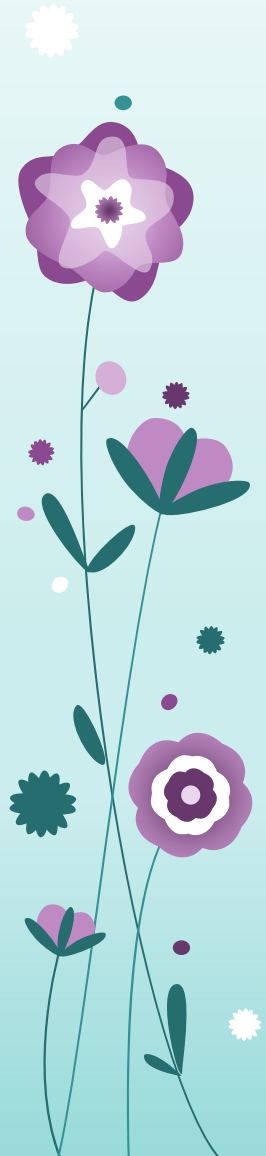
- \* Satisfaction of wants
- \* Improve standard of living
- \* Better quality products
- \* Better services
- \* Reasonable prices

- **Importance of Business firms**

- \* Increase in profits
- \* Increase in market share
- \* Builds goodwill
- \* Helps to achieve objectives
- \* Improvement in skills

- **Importance to society and Economy**

- \* Provides employment
- \* Brings revenue to the Govt.
- \* Balanced regional development
- \* Brings economic growth
- \* Undertake social services



# Business Objectives Concept

Business objectives make the goals operational. While goals may be qualitative, objectives tend to be more qualitative in specification. Objective should not be static, they should be dynamic.

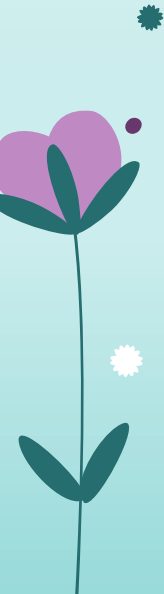
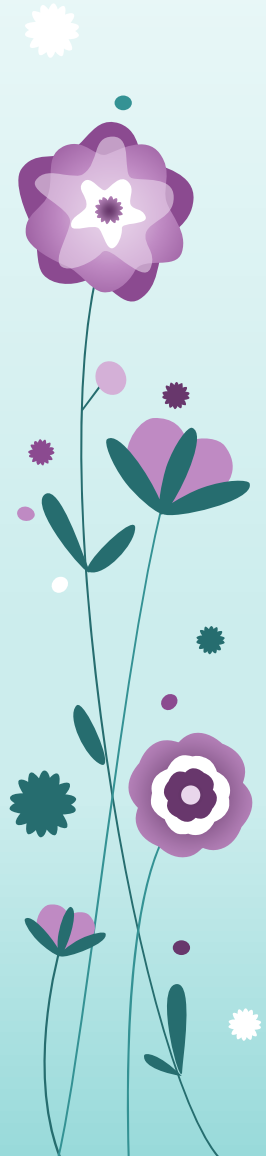
## Definition of Business objectives

“A managerial objective is the intended goal which prescribes definite scope and suggests direction to efforts of a manager”

-by George Terry

# Features Business Objective

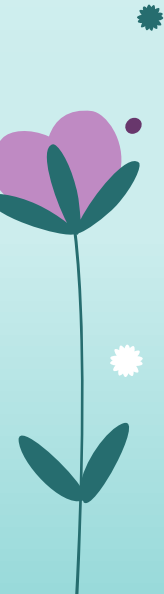
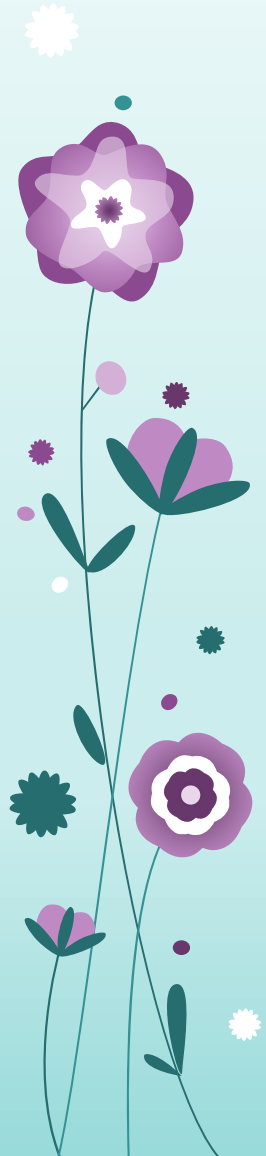
- Understandable
- Concrete and specific
- Related to a time frame
- Measurable and controllable
- Challenging
- Correlated
- Set within constraints





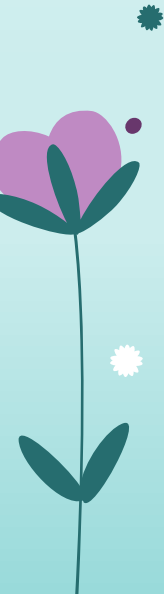
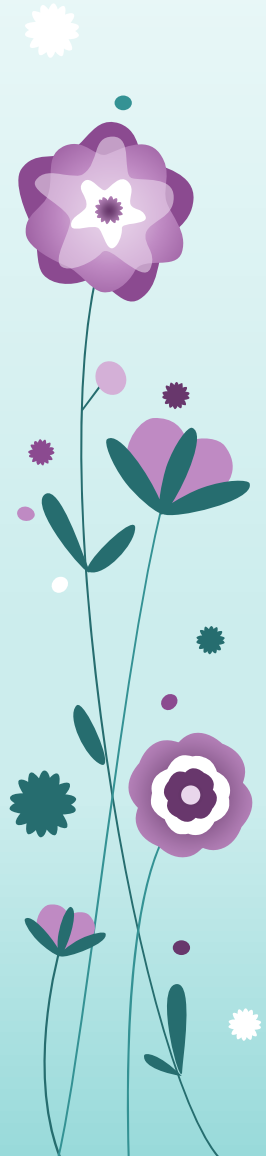
# Importance of Business Objectives

- Justify the organization existence
- Provide direction
- Help strategic management
- Basis for decision making
- Provide standards for performance appraisal
- Help in coordination



# Factors affecting setting up objectives

- The forces in the environment
- Realities of enterprise resources and internal power relationships
- The value system of the top executives
- Awareness by the management



# Classification of Objectives

- **Organic/ Three fold objective**
  - \* Survival
  - \* Growth
  - \* Prestige
- **Recognition**

## • **Economic Objectives**

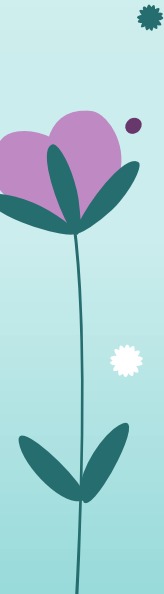
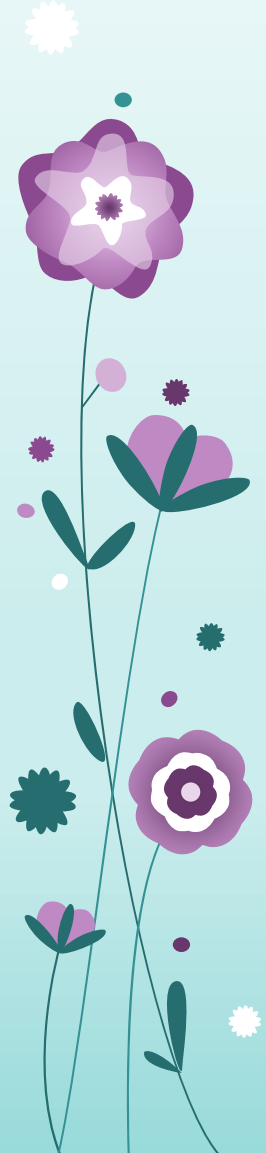
- \* Return on investment
- \* Innovation
- \* Expansion of market share
- \* Reduction in cost

## • **Social Objectives**

- \* Provide satisfaction to consumers
- \* To pay reasonable return on investment
- \* To utilize natural resources for social welfare
- \* To avoid profiteering and unfair trade practices
- \* To control pollution and to maintain ecological balance

## • **Human Objectives**

- To provide fair wages
- Goods working condition
- Motivation
- Promotion
- Employees welfare and social security measures



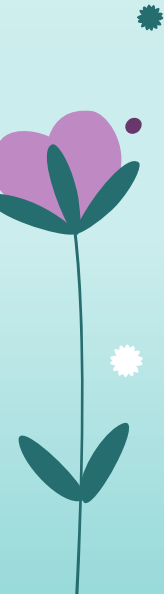
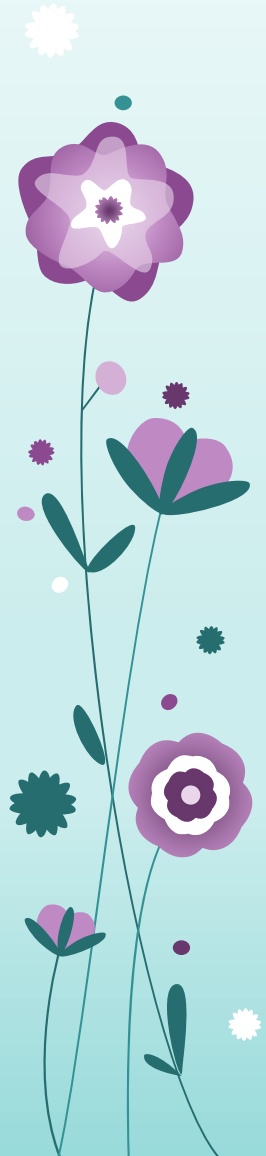
# Reconciliation between Economic and Social objective

- Profit and consumer price
- Profit and after sale services
- Profit and employees welfare
- Profit and shareholders interest
- Profit and taxes
- Profit and social welfare
- Business expansion and business practices
- Cordial relations with suppliers

# Business Environment

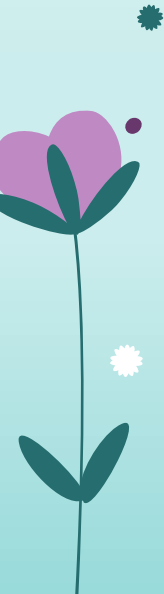
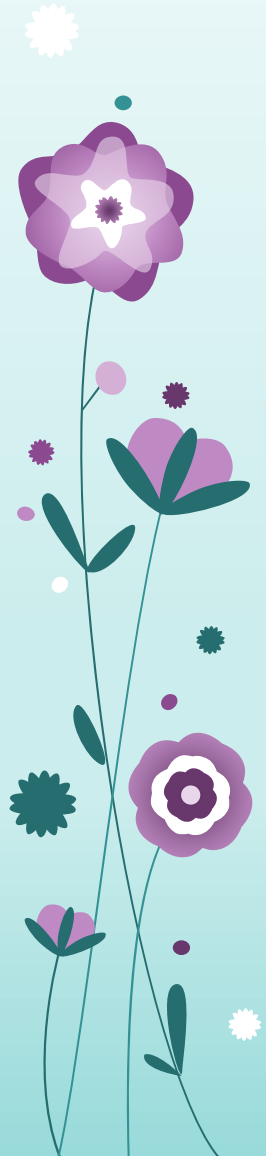
## Introduction

- Risk is universal phenomenon which every individual, business and government must learn to cope with.
- No individual, business or government can remain aloof from environment in which it is operating.
- Environment is the main source of all risks.
- Environment refers to all external and internal forces which have bearing on the functioning of business.



# Definitions of Business Environment

**“ the aggregate of all condition, events and influence that surround and affect it”  
-by Keith Davis**



# Characteristics of Business Environment

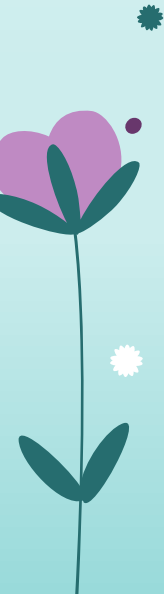
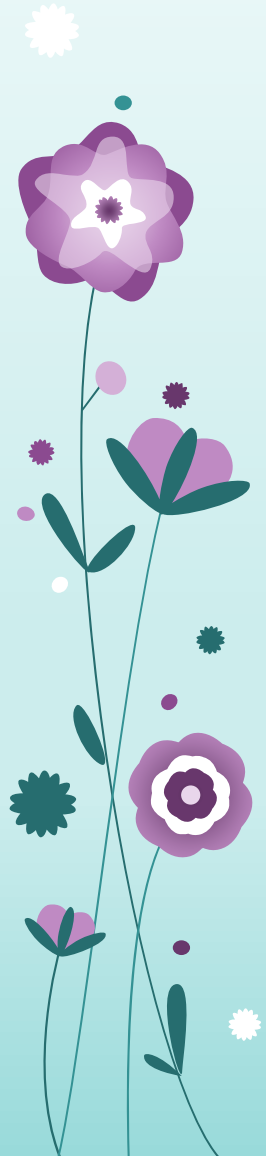
Environment is complex

Dynamic

Multi-faceted

Environment has a far reaching impact.

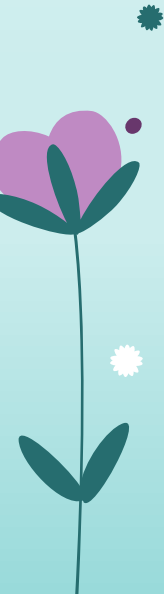
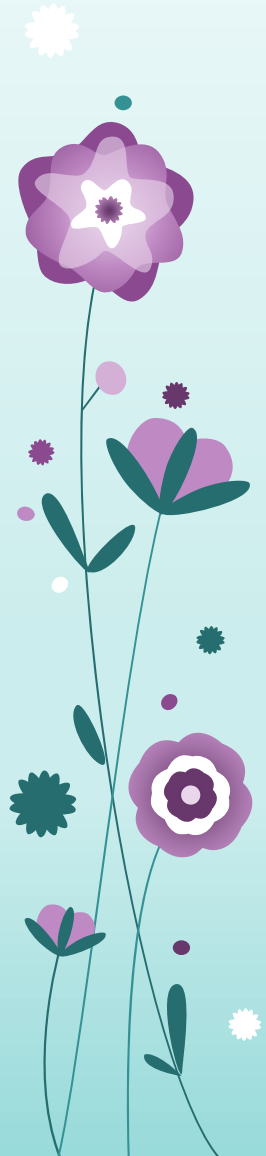
SWOT( strength, weakness, opportunities and Threats)



# Components of Business Environment

## Internal Environmental Factors

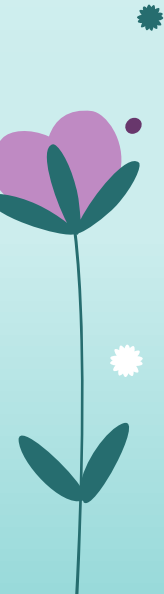
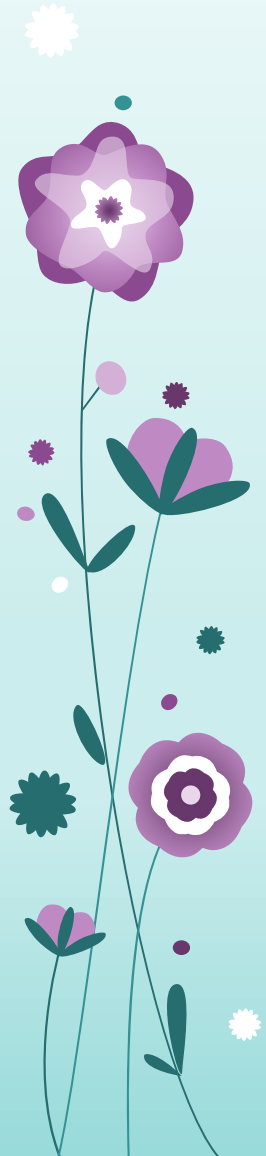
1. Mission and Objectives
2. Organizational strategy
3. Organizational structure
4. Marketing capability
5. Operational capabilities
6. Personnel capabilities
7. Financial capabilities
8. Technical capabilities





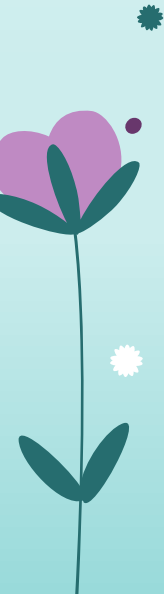
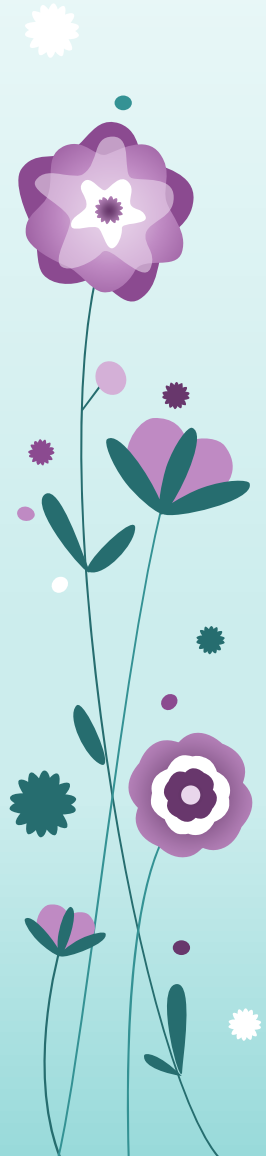
# External Environmental Factors

1. Economic Environment-
  - a. Economic structure
  - b. Economic Policies
  - c. Economic Indices
  - d. Economic Planning
  - e. Infrastructural Factors
1. socio- cultural Environment
2. Political Environment
3. Regulatory Environment
4. Technological Environment



# Inter-Dependence of Business And Environment

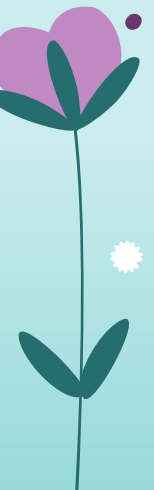
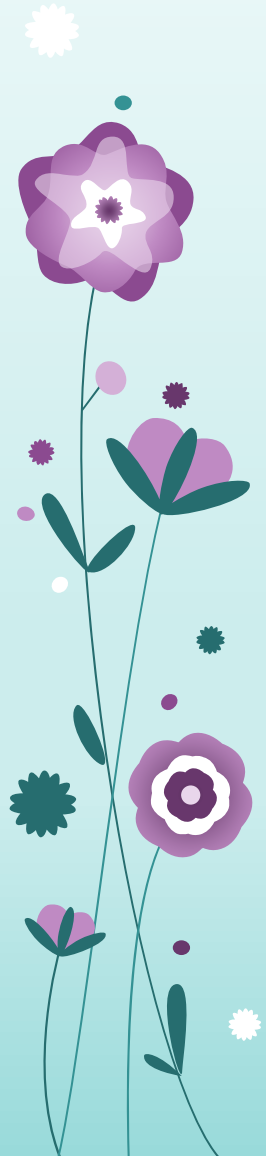
1. Closely related concept
2. limited capacity to influence environment
3. Essential to adjust to Environment
4. Continuous interaction with environment



# Environment Analysis

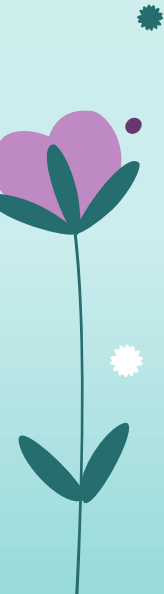
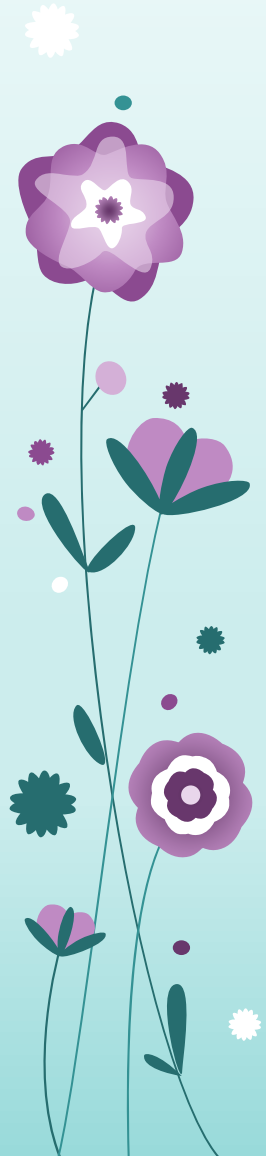
## Importance of Environmental Analysis

1. To keep business flexible and dynamic
2. To exploit business opportunities
3. Ensure survival
4. Make business socially acceptable
5. To understand possible threats
6. Maintain adaptability to socio-economic changes



# PESTEL Analysis

1. Political Factors
2. Economic Factors
3. Social Factors
4. Technological Factors
5. Environmental Factors
6. Legal Factors



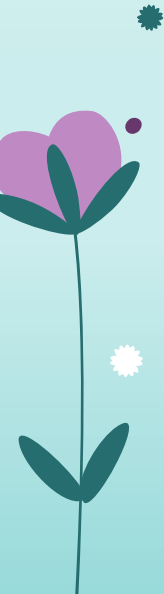
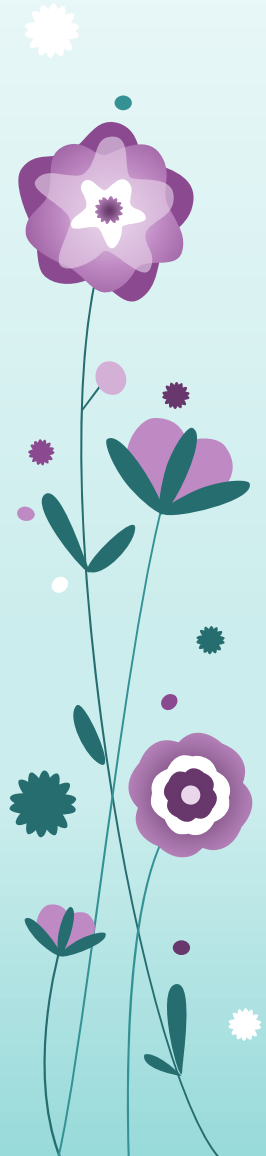
# SWOT Analysis

S - Strengths

W - Weaknesses

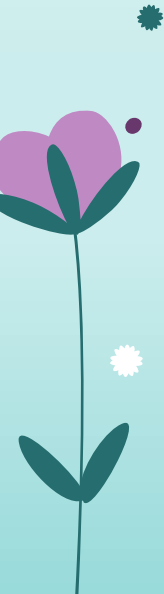
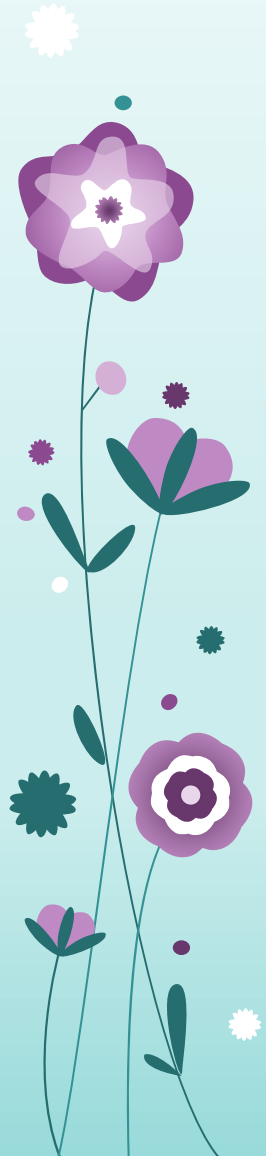
O - Opportunities

T - Threats



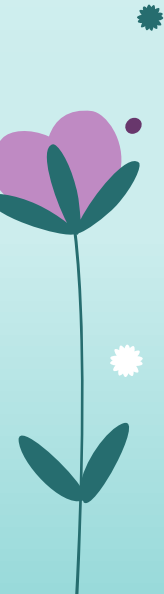
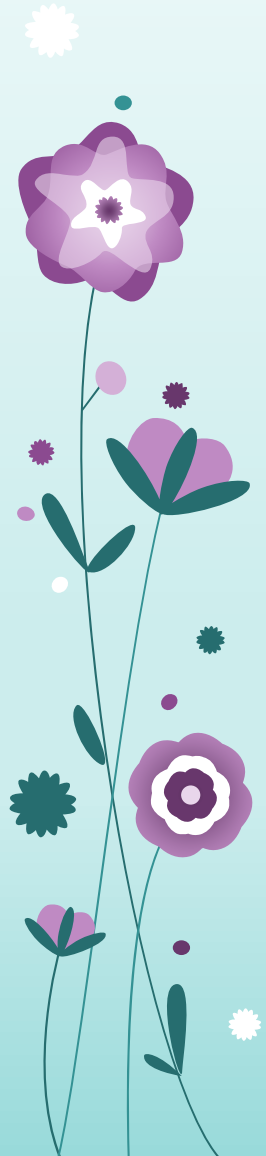
# Strengths

1. Unique product
2. Quality of your product
3. Worker's unique skill set
4. Location of your business.



# Weaknesses

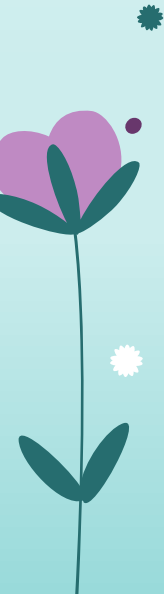
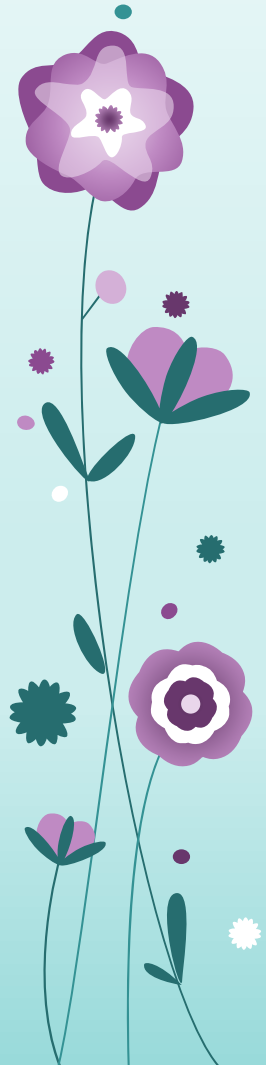
1. Location of Your business
2. Lack of Quality and customer services
3. Poor marketing and sales
4. Differentials products or services



# Opportunities

A new emerging or developing market (niche product, place new country , less competition)

Merger, Joint venture or strategic alliance







# Threats

New competition in the market, possibility with new products or services

Price wars

Competitor oligopoly or monopoly

Taxation



# Chapter 3 Business Ethics

## What is Business Ethics?

Business ethics is a crucial term in the industry today. Not only has it changed the daily **operations** of a business, but it has also affected the legislations that surround corporate regulation.

Through a rapid explosion of communication in the organization and rapid **globalization**, companies focus on implementing different facets of business ethics. In this domain, the principles, guidelines, and rules must be strictly followed by the employees.

- Business ethics has set together a code of rules, regulations, and guidelines that have to be followed for subjects that are prone to potential controversies, like discrimination, bribery, **corporate governance**, etc.

Ethics business **lays** out a guidebook that helps ensure a certain level of trust and respect within an organization, between consumers, and various forms of members of the **market**. It helps in differentiating ethical behavior and unethical behavior.

# Definition

**“Business ethics refers to right or wrong behaviour in business decisions”**

**-by Rogene A.**

**Buchholz**

**“Ethics deals with right actions individual”**

**-by**

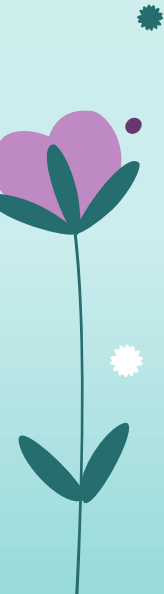
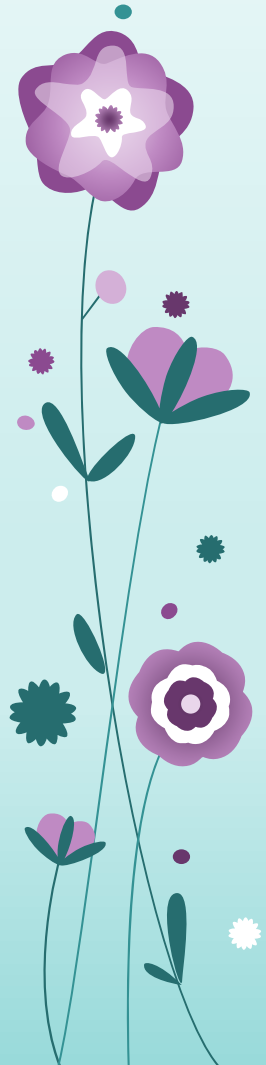
**Perter.F.Drucker**

**“Business Ethics is primarily concerned with the relationship of business goals and techniques to specific human needs”.**

**-by Garrett**

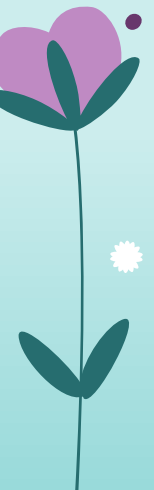
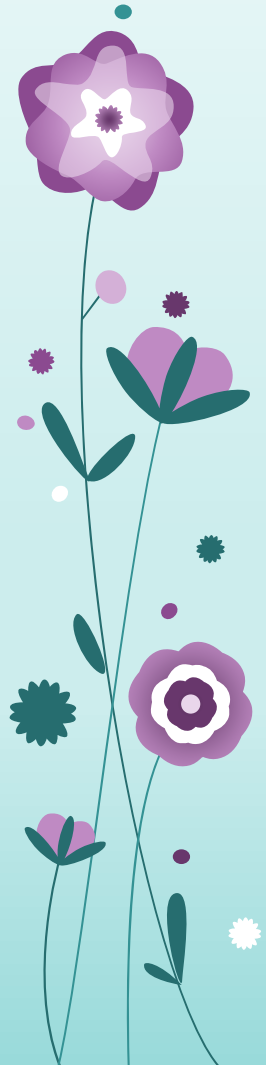
# Importance of Business Ethics

1. **Protection of Consumer Rights:**
2. **Social Responsibility**
3. **Concept of Socialism**
4. **Interest of Industry**
5. **Consumer Movement**
6. **Better Relations with the Society**
7. **Buyer's Market**
8. **Beneficial to Business and Society**



# Factors that influence Business Ethics

1. Leadership
2. Strategies and Policies
3. Corporate Culture
4. Corporate culture and ethical climate
5. Individual characteristics



# Ethical Dilemma

An ethical dilemma (ethical paradox or moral dilemma) is a problem in the **decision-making process** between two possible options, neither of which is absolutely acceptable from an ethical perspective. Although we face many ethical and moral problems in our lives, most of them come with relatively straightforward solutions.

**Example--**To do or not to do, that is the question you ask yourself every morning when you hit the snooze on your alarm. Life offers plenty of little dilemmas that kill you with a smile. Choosing between two of your favorite shirts, struggling to decide whether or not to get a haircut, choosing between the dinner you promised your girlfriend and an impromptu guys' night out—you make a variety of decisions every day.

# How to resolve Ethical Dilemmas?

1. To study what is the problem
2. Who are involved in the problem?
3. Get the additional information which is needed to solve the problem
4. To study conflicting views. whether this points are ethical or not?
5. To find out possible solutions to resolve the conflict and solve the problem.
6. To study outcomes of each one of the solution.
7. To evaluate solutions by considering organizational values
8. Eliminate solution which is harmful to any individual or which is violating organizational values.
9. Select and implement best solution to solve the problem.

# Advantages of Corporate culture in Ethics

1. Significant improvement to society
2. Cultivate strong teamwork and productivity.
3. Support Employee Growth
4. Human Resource (HR) policies
5. Avoid Penal action.
6. Helps in Quality Management , strategic planning and diversity management.



# Chapter 4- Development of Business Entrepreneurship

## Entrepreneur

The entrepreneur is defined as someone who has the ability and desire to establish, administer and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovators, and bring new ideas in the market by replacing old with a new invention.

It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur makes is with a combination of land, natural resources, labour and capital.

In a nutshell, anyone who has the will and determination to start a new company and deals with all the risks that go with it can become an Entrepreneur.

# Definition of Entrepreneur

Entrepreneur is a person who assumes both the risk and the management of a business

-by John Stuart Mill

Entrepreneur is a astute individual who could envision this transformation and create the means to implement it

-by Carl Merger

An Entrepreneur is someone who commercializes his or her innovation

-by Ronald May

# Characteristics of Entrepreneur

1. Need of Achievement
2. Mental Ability
3. Risk Taking
4. Need for clear objectives
5. Need for Independence and Autonomy
6. Maintain Business secrecy
7. Sense of Effectiveness
8. Ability to maintain business relation
9. Effective communication skill
10. Social consciousness



Cont...

11. Need for Extension

12. Optimistic

13. Non-Fatalist

14. Open Minded

15. Low Affiliation

16. Need for power and influencing

17. Aggressive and persistent

18. Pragmatists



# Entrepreneurship

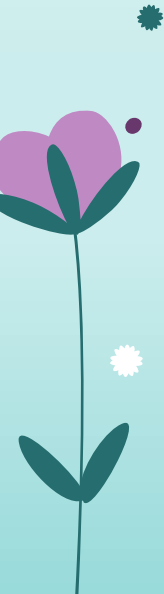
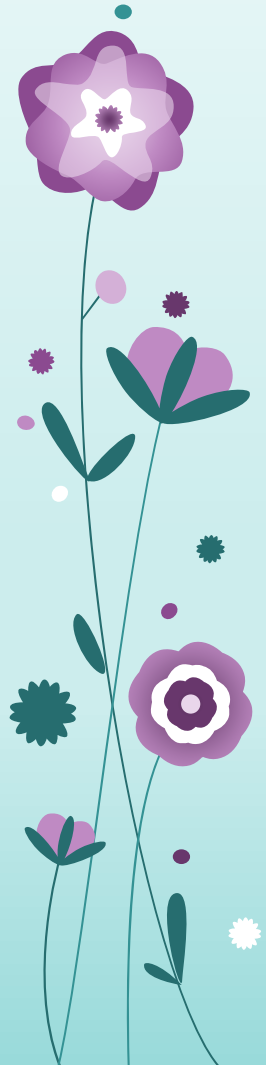
## Meaning

Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new businesses

Entrepreneurship within an existing firm or large organization has been referred to intrapreneurship and may include corporate ventures where large entities spin off subsidiary organizations

# Need of Entrepreneurship

1. Employment generation
2. Balanced development
3. Innovation potential

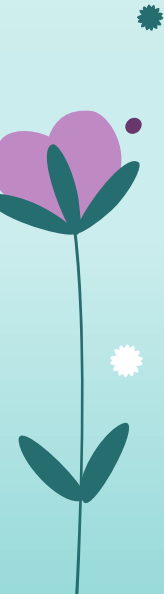
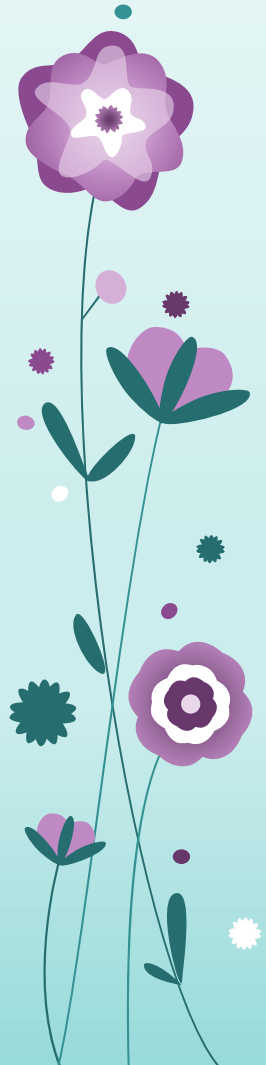


# Factor influencing Entrepreneurship

1. Individual factors
2. Environmental factors

## The four environmental factors

1. Economic environment
2. Political environment
3. Cultural environment
4. Social environment



# Entrepreneurship and career option on India

Indians have engaged in small private businesses much out of necessity than out of choice. For example, unemployment for illiterate people pushes them to start small businesses just to earn their basic livelihood. Overall low income of a family also drives them to have a small business on the side. Quite often, these small ventures are run by the women in the family.

On the similar lines, women with very low outside exposure, try to earn by setting a small home-based business. Availability of cheaper labour, at times in the family itself, makes these ventures easy to run. However, a developing country like India really needed entrepreneur competent to perceive new opportunities and willing to incur the necessary risk in exporting them.



# Entrepreneurship Pyramid in India

Level 1: Agriculture and other activities: Crop production, Plantation, Forestry, Livestock, Fishing, Mining and Quarrying

Level 2: Trading services: Wholesale and retail trade, Hotels and Restaurants

Level 3: Old economy or traditional sectors: Manufacturing , Electricity Gas and water supply

Level 4: Emerging sectors(including knowledge intensive sectors): IT, Finance, Insurance and business services. Construction. Community, social and personal services, supply chain , Transport-storage-communications etc.

# Emerging sectors in India

1. Infrastructure
2. Food processing sector
3. Tourism
4. Energy sector
5. Animation sector
6. Automobile sector
7. Textile sector
8. Retail sector
9. Education sector
10. Biotechnology
11. Organic Farming

# Role of Entrepreneurship in Economic Development

1. Employment Generation
2. National Income

