

Subject: Business Economics

Course: B.A., 6th Semester, Undergraduate.

Paper No: 602

Paper Title: Business Strategy & Ethics

Unit No.: 2 (Two)

Title: Environmental Analysis

Lecture No: 2 (Two)

Title: External Environment: An Introduction

Glossary

Business

A business is always owned by someone. This can just be one person, or thousands. So a business can have a number of different types of ownership depending on the aims and objectives of the owners.

Business environment

“Business Environment encompasses the -climate’ or set of conditions, economic, social, political or institutional in which business operations are Conducted.” —**Arthur M. Weimer**

System Approach

In original, business is a system by which it produces goods and services for the satisfaction of wants, by using several inputs, such as, raw material, capital, labor etc. from the environment.

Creative Approach

As per this approach, business gives shape to the environment by facing the challenges and availing the opportunities in time. The business brings about changes in the society by giving attention to the needs of the people.

Continuous Learning

Environmental analysis makes the task of managers easier in dealing with business challenges. The managers are motivated to continuously update their knowledge, understanding and skills to meet the predicted changes in realm of business.

Image Building

Environmental understanding helps the business organizations in improving their image by showing their sensitivity to the environment within which they are working. For example, in view of the shortage of power many companies have set up Captive Power Plants (CPP) in their factories to meet their own requirement of power.

Monetary policy

It includes all those activities and interventions that aim at smooth supply of credit to the business and a boost to trade and industry.

Economic Conditions

The economic conditions of a nation refer to a set of economic factors that have great influence on business organizations and their operations. These include gross domestic product, per capita income, markets for goods and services, availability of capital, foreign exchange reserve, growth of foreign trade, strength of capital market etc. All these help in improving the pace of economic growth.

Industrial policy

The Industrial policy of the government covers all those principles, policies, rules, regulations and procedures, which direct and control the industrial enterprises of the country and shape the pattern of industrial development.

Remote Environment

- 1.** General Environment shows dimensions in the broader society that influence an industry and the firms within it, (we will discuss this point in detail in our 3rd point of this session analysis of remote environment)