

Department of Commerce (CA)

BUSINESS ENVIRONMENT

18MCC13c

Semester I

I M. Com. (CA)

UNIT I

Business Environment

Environment - Economic and non-economic environments - Inter-relation between economic and non-economic environments - Business and Society - Professionalisation - Business ethics - Business culture - Social Responsibility of business - Social Audit.

REFERENCE BOOK

BUSINESS ENVIRONMENT

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# Department of Commerce (CA)

I M. Com. (CA)

Semester: 1

## BUSINESS ENVIRONMENT 18MCC13C

### UNIT 1

Environment - Economic and non-economic environments - Inter relation between economic and non-economic environments - Business and Society - Professionalisation - Business ethics - Business culture - Social responsibility of business.

Business and

### Environment

It is anything immediately surrounding an object

### Business Environment

It refers to the totality of politico-legal systems, the socio cultural systems, the techno-infrastructural systems, the geo-natural systems and the functioning of other business in relation to a particular as competitors, as suppliers, as consumers and the like.

### Economic Environment of business

It refers to all the external economic factors that influence the buying habits of consumers and businesses and therefore affect the performance of a company.

## Non-Economic Environment of Business

It includes political system, government policies, legal framework social system, cultural values, demographic factors, technological development and natural environment of the country

## Economic and Non-Economic Environment

① The sociological environment affects and gets affected by the economic environment of business

② The education-cultural environment and the economic environment of business are also interdependent.

③ The political-legal environmental and the economic environment of business are also interdependent

④ The historical environment and the economic environment of business are also interdependent.

## Business and Society

Business is extremely important to a country's economy because businesses provide both goods and services and jobs.

Business creates job opportunities because they need people to produce and sell their goods and services to consumers.

### Importance of business to society:

- ① It creates opportunities and innovations
- ② It creates stronger employment rates
- ③ It causes dramatic effect on world economy
- ④ creates positive effects on the local environment
- ⑤ It creates a safe and useful place to spend the day
- ⑥ It meets the needs and wants of society
- ⑦ It generates revenue through taxes
- ⑧ It creates social trends
- ⑨ It brings attention to important issues
- ⑩ It helps to inspire next generation

### BUSINESS ETHICS

Business ethics is conduct or actions within an organisation that constitute and support "human welfare".

## Factors affecting (or) influencing business ethics

- ① Views of individuals
- ② Corporate culture
- ③ Leadership
- ④ Business environment
- ⑤ Society

## Importance of business ethics

- ① Integral part of society
- ② Public expectations
- ③ Reputation
- ④ Costs
- ⑤ Brand Image
- ⑥ Employment trust
- ⑦ overall benefit

## Business culture

It refers to the beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions

## Elements of business culture

1. Real ownership
2. Measured accountability
3. Mentored Leadership
4. Clear objectives
5. Demonstrated purpose
6. Active beliefs
7. Archived stories

## Special features of Culture

Culture refers to the common behaviour patterns. Society has certain customs, traditions, attitudes, ideas and symbols governing the social behaviour of members.

- 1) Culture is the human product of social interaction
- 2) Culture provides socially acceptable patterns for meeting biological and social needs
- 3) Culture is cumulative and is handed down from generation to generation
- 4) Culture is meaningful to human beings because of its symbolic qualities
- 5) Culture is learned by each person in the course of his/her development in a particular society.

## Impact of foreign culture over Indian business

1) Advancement of Technology

2) Innovations of the West

3) The culture of speed

4) Materialistic In orientation

5) Influence on social life

6) Influence on women

7) Urbanisation

8) Increase in marriage age of boys & girls

9) Influence on physical personality

10) Influence on private sector

## Social Responsibility of business

Social responsibility in business also corporate social responsibility, pertains to people and organisations behaving and conducting business ethically and with sensitivity towards social, cultural, economic and environmental issues

# Social Responsibility of Business

