



UNIT 7

BUSINESS ENVIRONMENT



19 CHAPTER

ENVIRONMENTAL FACTORS

தெரிந்த இனத்தொடு தேர்ந்தெண்ணிச் செய்வார்க்கு
அரும்பொருள் யாதொன்றும் இல்.

—குறள் 462



COUPLET

There is nothing too difficult to (be attained by) those who, before they act, reflect well themselves, and thoroughly consider (the matter) with chosen friends.



Learning Objectives

To enable the students to understand the

- Meaning of Business environment
- differences between internal and external business environment
- various controllable and uncontrollable factors affecting business
- examples that impact economic, socio-cultural, political and legal, geo-physical and technological factors of business

Chapter Synopsis

- 19.01 Meaning and Definition of Business Environment
- 19.02 Types of Business Environment
 - 19.02.01 Internal Environment
 - 19.02.02 External environment:
 - 19.02.03 Micro Environment;
 - 19.02.04 Macro Environment:
- 19.03 Future environment of business-VUCA
- 19.04 Corporate Governance
- 19.05 GST- Goods and Services Tax

A business is an integral part of the social system. The sum total of all factors both internal and external which has an impact on the functioning of a business can be termed as business environment. The aggregate of all factors, forces and institutions which are external to and beyond the control of an individual business enterprise but which exercises a significant influence on the functioning and growth of individual enterprises business environment.

It is dynamic in nature since it keeps changing. Therefore any strategic decision relating to a business can be taken only after scanning the environment for a SWOT analysis of the strengths, weaknesses, opportunities and threats. The internal environment which is controllable yields the strengths and weaknesses of an organisation while the external environment which is uncontrollable relates to two factors namely opportunities and threats. The understanding of business environment is essential for taking important decisions, and ensuring success.