

Components of Business Environment

Dimensions of business environment mean all the factors forces and ~~the~~ institutions which have direct or indirect influence over the business transactions.

- (i) Economical
- (ii) Social
- (iii) Political
- (iv) Legal
- (v) Technological

i) Economical Environment

- Banking sector reform has led to many attractive schemes of deposits and lending money.
- Lots of economic reforms are taking place in leasing and financing institutions.
- The private sector is allowed to enter in financial institutions; as a result customers are gaining.

Some Aspects of Economic Environment

- i) Ratio of Private & Public Sector
- ii) Balance of Trade
- iii) Balance of Payment
- iv) Ratio of Saving and Investment
- v) Transport and Communication System
- vi) International Debt

ii) Social Environment

- It consists customs and traditions of the society
It includes the standard of living, taste, preferences & education
Many social reforms taking place & the common factors of India
- a) Demand for reservation in jobs for minority & women
 - b) Demand of automatic machines & luxury items in middle class families
 - c) The social movements to improve the education level of girl child
 - d) Health & fitness trend has become popular

Business Environment:

Meaning, Characteristics, Scope and Significance

Business Environment encompasses the climate or set of conditions economic, social, political or institutional in which business operations are conducted \Rightarrow Arthur M. Williams

The total of all things external to firms and industries that affect the function of the organisation is called business environment. \Rightarrow Chandler

It is very clear that the business environment is a mixture of complex dynamic and uncontrollable external factors within which a business is to be operated

Characteristics

i) 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, labour etc. from the environment.

ii) Social Responsibility Approach

In this, business should fulfill its responsibility towards several categories of the society such as consumers, stockholders, employees, government etc

iii) Creative Approach

Business gives shape to the environment by facing the challenges and the environment availing the opportunities in time. Fine business bring about the changes in the society by giving attention to the needs of the people.