

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 ⇒ Arthur M. Weimer

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

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

Characteristic

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. The business bring about the changes in the society by giving attention to the needs of the people.

Significance of Business Environment

It refers to the "sum total of conditions which surround man at a given point in space and time. In the past, the environment of man consisted of only the physical aspects of the planet Earth (air, water and land) and the biotic communities

i) Help to understand internal Environment

Such as business policy, organization structure etc. Information system will help to predict the business in such case an effective management.

ii) Help to understand Economic System

It is essential for a businessman and business firm to know about the role of capitalists, Socialist and mixed economy.

iii) Help to understand Economic policy

has its own importance in business environment and it has an important place in business. Helps to understand gov. policies such as - export-import, Price, Monetary, Industrial etc.

iv) Help to understand Market Conditions

It's have to knowledge of market structure & changes taking place in it. The knowledge about increase and decrease in demand, supply, monopolistic practices,