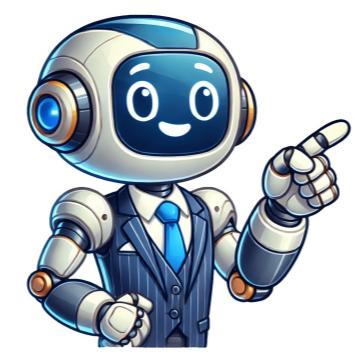


I'm not a robot



What are the features of business environment class 12

The Business Environment is a complex mixture of internal and external factors that affect a company's performance. It encompasses various individuals, institutions, and forces outside the business's control. The environment can be broken down into specific and general forces, with specific forces like customers, competitors, and suppliers having a direct impact, while general forces such as politics, social norms, technology, and economics have an indirect influence. The Business Environment is dynamic, constantly changing due to shifting customer preferences, market conditions, and technological advancements. It's also characterized by uncertainty, making it difficult to predict future events with certainty. The environment is complex, with multiple inter-related dimensions like politics, economy, society, technology, and law that need to be understood. The Business Environment varies from place to place, making it a relative concept. For instance, the demand for certain products differs significantly between India and Western countries due to social and cultural differences. Understanding the Business Environment is crucial for companies as it enables them to identify new opportunities, anticipate threats, tap into useful resources, and improve their performance. The key dimensions of the Business Environment include the Economic Environment, which encompasses government policies, interest rates, inflation, stock market indices, and currency values, among others. The Social Environment consists of attitudes, beliefs, customs, education levels, working population composition, social values, consumer awareness, and NGO roles. By understanding these dimensions, companies can develop effective strategies to navigate the Business Environment and achieve success. Incorporating timeless social customs like Holi, Diwali, and Christmas into one's practices fuels demands for festive treats, greeting cards, gifts, and other items during these periods. Economic sectors also face the impact of technological advancements which continuously introduce innovative methods and techniques for production and business operations. Businesses must stay up-to-date with these developments to avoid being left behind; banks, for instance, now rely heavily on computers for functioning. The political climate encompasses factors such as government stability, trade union activities, and official attitudes. A stable political environment attracts both domestic and foreign investments but can be detrimental if it's marred by instability or unrest. Legal frameworks in a country are defined by its Constitution, commercial laws, economic policies, and judicial decisions. The liberalisation policy involves easing unnecessary restrictions on businesses through measures such as abolishing licensing requirements, allowing freedom to set business scales, and simplifying import-export procedures. Liberalisation has significantly impacted the Indian economy, including the removal of barriers to international investment and deregulation of certain industries. It promoted free capital flow between nations by reducing tariffs and other trade barriers, making it easier for companies to access capital from investors. The policy led to increased stock market values, inflow of capital, reduced political risks, and diversified investments for both domestic and foreign investors. The Indian government implemented a policy of planned disinvestment of public sector enterprises in 1991. This allowed for the transfer of sick and loss-making companies to the Board of Industrial and Financial Reconstruction (BIFR). The aim was to reduce the role of the public sector and promote globalisation, which involves integrating national economies with others to facilitate free trade, capital flows, and technology exchange. Economic reforms removed barriers to international trade. However, due to foreign company entry post-1991, competition increased for Indian firms. Customers became more demanding and a wider range of goods and services. Rapid technological advancements forced companies to adapt quickly. To stay competitive, businesses needed to develop highly skilled human resources and adapt to market trends. Businesses also had to invest in research and development to maintain competitiveness and drive growth. In the given scenario, The First Masters' advertisement on television discussed various factors influencing their success. The factors mentioned include the political environment, technological environment, social environment, and market orientation. The company's adaptability in meeting the changing environment was a key factor in its success in different countries. Additionally, the business environment plays a crucial role in tapping useful resources, as highlighted in Question 1. The technological environment is also an important dimension that affects local companies' revenue, as seen in Question 5. Furthermore, the social dimension comes into play when special plans for sale are made during marriage months, as mentioned in Question 6. The concept of relativity is relevant here, as business environments vary from place to place, influenced by factors such as people's culture and purchasing capacity, as discussed in Question 7. Finally, the legal environment is highlighted in Question 8, where advertisements for a protein supplement must inform potential buyers about the product's limitations. The modern business world is characterized by various dimensions of the business environment, which include Political environment, Legal environment, Technological environment, Social environment, Economic environment. These dimensions shape the strategies and operations of businesses in distinct ways. In a recent scenario, a bank's interest rate cut encouraged a science student to develop cars powered by garbage fuel. This example highlights the economic environment, where changes in interest rates affect consumer spending and demand for goods and services. Moreover, as consumers' consumption habits change, businesses must adapt. For instance, Neelesh shifted his sweets shop to a chocolate business after noticing a shift in consumer preferences. His online website and pricing strategy were key factors in his success, illustrating the importance of understanding social environment and leveraging technological advancements. Technological improvements also play a significant role in shaping business environments. In this case, scientific innovations enabled the development of new products and services, such as cars powered by garbage fuel. World Softwares, a software giant, has expanded its reach globally due to technological advancements in computers and information technology. Initially limited to its native country, the company's success can be attributed to its first-mover advantage and adaptability in an integrated world economy. Metlapp Networks and Technologies Ltd., on the other hand, is a leader in technology innovation in the United States, having created innovative products like the smart watch W-7. The company successfully entered the Indian market by leveraging simplified export procedures and removal of quantitative restrictions. The two major concepts related to government policy discussed are liberalisation and globalisation. Liberalisation refers to the removal of unnecessary controls and restrictions over businesses, promoting economic growth through reduced regulations. Globalisation aims at integrating markets in the global economy, leading to increased inter-connectedness between national economies. Due to liberalized imports and foreign multinationals entering the market, competition has increased significantly in India's economy. While this is beneficial for consumers, many small- and medium-scale industries are struggling due to more demanding customers who are well-informed about their options. The rise of technology has forced companies to develop new technologies to improve machines, production processes, products, and services. However, the rapidly changing technological environment has created challenges for small firms. To stay competitive, businesses need to continuously modify their operations and invest in training and upgrading human resources with higher qualifications and commitment. The emergence of online businesses has also disrupted traditional markets. With customers now having many options, the concept of monopoly is becoming obsolete. Companies are trying to offer technologically advanced products, but government policies can limit their offerings. The text discusses how changes in government policies and market conditions force companies to adapt and evolve. A key impact highlighted is the need for businesses to develop their human resources, as new market situations require employees with higher levels of competence. In this passage, three different types of impacts of government policy changes on business are identified: 1. Market orientation: Companies must adjust to meet customer demands, as seen in the company's decision to manufacture products according to potential customers' needs. 2. Need for developing human resource: Businesses invest heavily in their employees to ensure they can provide top-notch services that cater to customers' requirements. 3. Rapidly changing technological environment: The increasing use of innovative practices and latest technology by competitors forces companies to prepare themselves to stay competitive. The economic reform highlighted is liberalisation, which involves the abolition of licensing requirements and government support for easier goods movement. This change has a significant impact on the political dimension of business, as seen in the protests that led to the closure of the plant. latest technology. It's high time for the government to finalize industrial and monetary policies considering various economic indices like national income, per capita income, rate of savings, and investment. The concept discussed here is "Economic Environment". ABCDE Ltd. has expanded its customized shoe business in 23 cities, conducting extensive research on its market environment. They've realized that changes in the market have a significant impact on their organization, making it essential to continuously monitor the external environment. This helps in coping with rapid changes, planning, and policy formulation, and improving performance. A greeting card company in the USA is thriving, producing cards for various occasions. During Christmas and New Year's, production and sales reach new highs. The company operates in a democratic environment with set rules for every business firm, surrounded by customers, competitors, government authorities, and other external forces. The business environment of a company is closely related to various elements around it, making it challenging to understand and analyze. A sports equipment company with branches in different countries faces unique demands due to cultural and lifestyle differences. Awareness of health in the market increases demand for products, but this demand can be unpredictable as new designs emerge and the industry changes frequently. The company's research and development department updates equipment materials and designs, while external factors like changing customer preferences and new competitors affect the business environment. Breaking down the business environment into its dimensions is crucial to understanding it effectively. A multinational company, GHJ Private Ltd., recognizes the importance of analyzing the external environment of business. It identifies two types of factors: those directly affecting the firm and those affecting all firms in the industry. Despite investing in surveys, the company concludes that understanding the business environment is difficult and only possible by studying its components separately. To address this challenge, GHJ Private Ltd. seeks expert advice and establishes a special team to monitor changes in the market, including shifting branding loyalty and demanding customer expectations. Efforts by a company are often rewarded with significant profits and revenue growth when they successfully navigate their business environment. In this context, two key features of the business environment have been highlighted: specific and general forces, as well as dynamic nature. Specifically, it has become clear that there are distinct factors that directly impact the firm, such as changes in consumer behavior and technological advancements, which require proactive measures to be taken. On the other hand, more generalized factors, like economic trends and social influences, affect all firms within a particular industry. Additionally, the complexity of understanding the business environment has been revealed, where despite extensive research and surveys, it is still challenging to grasp the nuances of the market. However, this awareness of complexity leads to improved performance and strategic decision-making. The benefits of recognizing these factors include being able to identify potential threats and respond early, as well as adapting to rapid changes in consumer behavior and technological advancements. By staying attuned to these shifts, companies can enhance their offerings, improve brand loyalty, and maintain competitiveness. The company "Runners Ahead" is facing numerous challenges in its rapidly changing environment. Therefore, it is essential to observe every small aspect of the business world. Various factors, such as changes in lifestyle linked to improved demand for technologically advanced shoes, are closely related and cannot be understood in isolation. The company must adapt to rapidly evolving technology, market fragmentation, shifting brand loyalties, etc. The company has good manpower and a well-established production department. However, it is not self-satisfied and must adjust to changing circumstances. Labour unions have been protesting throughout the country, sometimes resulting in strikes. The board of directors is keen to address this difficult situation, and the government is playing a positive role by freeing the business environment from unnecessary restrictions. Market entry, but challenges arise. To stay ahead, the organization monitors the external business environment and adopts measures to boost its client base. Recently, it was awarded a government project to study and analyse a new policy aimed at privatizing public sector undertakings by reducing the government's role. In response, the company has innovated advanced software for social networking sites catering to aged individuals' specific needs, expecting significant revenue growth from this project. The key features of the business environment highlighted here are specific and general forces, uncertainty, and external changes that can impact the organization's performance. The importance of understanding the business environment lies in identifying opportunities, gaining a first-mover advantage, and improving overall performance. Government policies have a significant impact on businesses, leading to changes in strategies and operations. In India, the adoption of economic reforms has shifted the focus from production-driven to consumer-oriented approaches. This change is reflected in the market orientation of firms, which now prioritize understanding consumer needs before producing goods. The demonetization move has also led to changes in the business environment. With the accumulation of funds in banks and lower interest rates, people can now afford home loans more easily. Small businesses are expected to adopt digital transactions, reducing their dependence on cash. This shift will lead to increased use of internet technologies and new gadgets, as well as improved reporting mechanisms for transactions. The changes in government policies have resulted in three key dimensions of the business environment: economic, technological, and market orientation.