

BUSINESS ENVIRONMENT

The term "business environment" refers to any persons, institutions, and other influences that are outside a company's control yet can have an impact on its success.

FEATURES OF THE BUSINESS ENVIRONMENT

1. The sum of all external forces.
2. Include both particular and broad forces.
3. Different aspects are interrelated.
4. Dynamic in nature.
5. Uncertain.
6. Complex.
7. Relative Concept.

IMPORTANCE OF THE BUSINESS ENVIRONMENT: Studying the business environment is crucial for the following reasons:

1. It allows the company to recognize possibilities and gain an edge by being the first to act.
2. Assists the company in identifying dangers and early warning signs.
3. Assists in accessing valuable resources.
4. Aids in coping with quick changes.
5. Assists with planning and policy formation.
6. Helps to improve performance.

DIMENSIONS OF THE BUSINESS ENVIRONMENT: In terms of the overall environment, the following dimensions exist:

1. **Economic Environment:** It refers to all of the factors that have an economic influence on business operations.
2. **Social Environment:** This refers to the conventions, values, culture, trends, beliefs, norms, and ethics of a society in which businesses function.

3. **Technological Environment**: It relates to the general features of the technology in which the organization operates.
4. **Political Environment**: It comprises political factors such as the country's overall stability and peace, as well as specific views toward business held by elected government officials.
5. **Legal Environment**: This refers to the system of rules and regulations that govern company transactions.

THE PRIMARY CHARACTERISTICS OF THE NEW INDUSTRIAL POLICY ARE AS FOLLOWS:

1. Delicensing
2. Reduced involvement of public sector
3. Disinvestment.
4. Liberalization of Foreign Capital
5. Liberal policy for technological collaboration.
6. Establishment of Foreign Investment Promotion Board (FIPB).
7. De-reservation for small-scale enterprises

LIBERALIZATION, PRIVATIZATION, AND GLOBALIZATION

1. **Liberalisation** entails removing all superfluous corporate regulations and constraints.
2. **Privatisation** entails giving the private sector a bigger role in the nation-building process while reducing the role of the governmental sector.
3. **Globalization** refers to the integration of different economies to create a unified global economy.

DEMONETIZATION

Demonetization is the process of abolishing a currency unit's Legal Tender status.

Features of Demonetisation

1. It is considered a tax administration measure.
2. It said that tax evasion will no longer be permitted.

3. It resulted in the channeling of savings into the official financial system.
4. It attempts to establish a cashless or cash-lite economy.

Effects of Economic Reforms on Business: The effects of economic changes on businesses are:

1. **Created competitiveness:** The delicensing and liberalisation of foreign enterprises created competitiveness for Indian businesses.
2. **More Demanding Customers:** As customers become more aware and competition increases, a buyer's market has emerged.
3. **Rapidly Changing Technological Environment:** Increased competition has forced Indian enterprises to adopt cutting-edge technologies.
4. **Change Is Necessary:** As market forces grow more volatile following economic changes, businesses must constantly adapt their operations.
5. **Developing Human Resources:** New market conditions necessitate individuals with more expertise and dedication.
6. **Market Orientation:** With increased rivalry and consumption, businesses have evolved to a market-oriented strategy.
7. **Loss of Budgetary Support to the Public Sector:** As the public sector's function has decreased, the government has cut financial support to it.

Managerial Response to Changes in the Business Environment:

1. Diversification.
2. Joint ventures with multinational corporations
3. Acquisitions and mergers
4. Utilize cutting-edge technology
5. Develop a strong brand
6. Focus on the needs of customers
7. Higher Level of Compensation