**VALLUVAR COLLEGE OF SCIENCE AND MANAGEMENT**

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**TITLE OF THE PAPER: BUSINESS ENVIRONMENT CLASS-I BBA**

**SUBJECT CODE: 16ACBB2 SEMESTER: II**

|  |
| --- |
|  |

**UNIT-I**

**`1. Define Business Environment.**

William F. Glucck defines business environment “as the process by Which strategists monitor the economic, governmental, market, supplier, Technological, geographic, and social settings to determine opportunities And threats to their firms.

**2. Write the meaning of the Business environment**

The term ‘business environment means the sum total of all individuals, institutions and other forces that are outside the control of a business enterprise but that may affect its performance.

1. **Write the components of business environment?**

* Micro Environment.
* Macro Environment.

1. **Write the meaning of Economic Environment?**

* Economic environment refers to all those economic factors which have a

Bearing on the functioning of a business unit.

* Business depends on the economic environment for all the needed inputs. It also depends on the economic environment to sell the finished goods.

1. **Write the meaning of Political environment?**
   * + Political environment includes political conditions such as general stability and peace in the country and specific attitudes that elected government representatives hold towards business.
     + Government policies relating to business, taxation, trade, incentives and foreign exchange impact business decisions.
2. **What is meant by Demographic Environment?**

* It is play an important role in influencing demand for goods and services.
* Demographic Environmental factors include size of the population, population growth rate, age, gender distribution, life expectancy, level of literacy, employment level, density of population.

1. **List out the economic system groups.**

(a) Capitalism.

(b) Socialism.

(c) Communism.

1. **Write the three political systems comprise the vital institutions?**

Legislature

Executive or government

Judiciary.

**9. List out the Goals of business environment**

* Profit.
* Power.
* Growth.
* Employee satisfaction and development.
* Quality Products and Services.
* Market Leadership.

**10. IMPORTANCE OF BUSINESS ENVIRONMENT**

* Development of broad strategies and long-term policies of the firm. Development of action plans to deal with technological advancements.
* To foresee the impact of socio-economic changes at the national and
* International levels on the firm’s stability.
* Analysis of competitor’s strategies and formulation of effective counter-measures.

**UNIT- II**

1. **What is meant by Economic Environment?**

* Economic environment provides all inputs to business and also the market for its output.
* It influences the purchasing power, demand, sales, profits, production and employment.

1. **Write the meaning of the Economic system?**

Economic system refers to the system of production, distribution and consumption of goods and services in an economy.

1. **List out the types of Economic system?**

* Capitalism,
* Socialism,
* Mixed economy.

1. **Define capitalism.**

LOUCKS,̋ Capitalism is a system of economic organization featured by private ownership and use for private ownership and use for private profit of man-made and nature –made capital”.

1. **What is meant by mixed economy?**

Mixed economies are those which combine the features of the capitalist and socialist economic systems.

1. **How does the economic system influence the business?**

It determines the ownership of the factors of production and the role of the government and the private sector.

1. **What are the factors in the Economic environment?**

* Type of economic system,
* Size of the economy,
* GDP growth rates,
* Per capita Income.

1. **List out the macroeconomic parameters.**

* National Income.
* Population.
* Urbanization.
* Inflation.
* Savings and investment.
* External trade.

1. **How to calculate per capita income?**

Per capita income= Total Income/Population.

1. **What is meant by Fiscal policies?**

It determines tax rates and level of public expenditure.

1. **Why business goes Domestic to international?**

* Profit maximization.
* Expanding their business domestic to International.

1. **Write the meaning of International marketing?**

International Marketing to International Business: The multinational companies which were producing the products in their home countries and marketing them in various foreign countries before 1980s started locating their plants and other manufacturing facilities in foreign/host countries. Later, they started producing in one foreign country and marketing in other foreign countries.