



Learning Objective

- What is Business
- What is Environment
- Business Environment- Nature, Objective
- Types of Business Environment
- Interaction between Internal and External Environment
- Importance of Business Environment



- **Business:**

Business is a human activity carried out by the unified efforts of different categories of people, to produce the wealth through production and distribution of the goods and services.

According to **Malvin Anshen** :

“ Business is the way by which men make their living.”

According to **Bayard O'Wheeler** :

“ Business is an institution organized and operated to provide goods and services to society under the incentive of private gain.”



■ Environment:

The birth, growth and continuous development of organization are influenced by a wide range of variables like employees, customers, suppliers, producers, competition etc.

■ Business Environment:

Business Environment refers to those aspects of the surroundings of business enterprise, which affect or influence its operations and determine its effectiveness.

According to Keith Davis:

“Business environment is the aggregate of all conditions, events and influence that surrounds and affects it”

Nature of Business Environment

- **Complex:**

Environment consists of a number of factors, events, conditions arising from different sources which impact business thus making the business complex.

- **Interdependence :**

Factors affecting business environment like social, economic, legal, cultural etc are inter dependent.

E.g. A rich country can make sufficient expenditure on the research and development.

- **Dynamic:**

Business environment is dynamic as it keeps on changing in terms of technological improvement, changes in consumer preferences, entry of new competitors.