

Business administration



Justify your views with Indian's experience In this sector. (20 Marks Answer 1.

Discuss how the environment acts does as a stimulant to business. Analyses why fact that it is significant for business activity. (10 Marks) A good environment is a constitutional right of the Indian Citizens. Environmental Protection has been given the constitutional status. Directive Principles of State Policy states that. It Is the duty of the state to protect and improve the environment and to safeguard the forests and wildlife of the country'.

It imposes Fundamental duty on every citizen 'to protect and improve the natural environment including forests, lakes, rivers and wildlife'. In India, the Ministry of Environment and Forests (MOVE) is the apex administrative DOD for :- (I) regulating and ensuring environmental protection; (II) formulating the environmental policy framework In the country; (III) undertaking conservation & survey of flora, fauna, forests and wildlife; and (Ib) planning, promotion, co-ordination and overseeing the implementation of environmental and forestry programmer.

The Ministry is also the Nodal agency in the country for the united Nations Environment Programmer (INEPT). The organizational structure of the Ministry covers number of Divisions, Directorate, Board, Subordinate Offices, Autonomous Institutions, and Public Sector undertakings to assist it in achieving all these objectives. Besides, the responsibility for prevention and control of Industrial pollution Is primarily executed by the Central Pollution Control Board (CB) at the Central Level, which is a statutory authority, attached to the MOVE.

The State Departments of Environment and State Pollution Control Boards are the designated agencies to perform this function at the State Level. Because of their impact on the environment, businesses have an obligation to try to mitigate the effects of their activities in an effort to protect the land and water resources. Many businesses act voluntarily to reduce their mandated by law to regulate their businesses. In any case, reducing their environmental impact is a sensible approach to business that can have many benefits. Regulation 1 .

The primary federal laws which regulate businesses and individuals are the Clean Water Act of 1972 and the Clean Air Act of 1970. The former sets limits on the amount of discharge that businesses may release into waterways to maintain the chemical and physical integrity of these resources. Likewise, the Clean Air Act addresses the role of business in protecting the environment through regulation of emissions. Recycling 2. Businesses typically use a great deal of resources in order to carry out their work, from office supplies to energy use to waste production.

Some waste seems innocuous. The average business worker, for example, will use approximately disposable cups each year. Businesses generate tons of paper waste, generating nearly 400 billion copies each year, according to the Clean Air Council. It behooves businesses, not just from an environmental perspective but an economic one, to recycle when possible and protect the environment. In some states, such as California, recycling is mandatory. Environmental Management System .

An Environmental Management System (MESS) is a document developed by businesses in order to assess their environmental impact and improve the efficiency of their organization. While not mandatory, the U. S.

Environmental Protection Agency (EPA) encourages businesses to evaluate their practices. Developing an MESS is a good business strategy because it reduces environmental costs from fines and other legal actions in the event of environmental contamination. Benefits 4.

First and foremost, businesses benefit by protecting the environment through cost savings. An efficiently run business that generates minimal waste saves money. Second, a business that is conscious of its role in the environment creates environmental awareness in its employees, providing additional benefits. Finally, businesses which follow green practices portray a good message to consumers who may be more likely to support a business that considers its role in the environment. 2.

Explain the relevance of ecological issues to business environment (10 Marks) Businesses found that care for environment can be good for their bottom lines. Caring for the environment enhanced their reputation and brand image More sales and greater customer loyalty Easier access to capital as even lending banks began to consider environmental issues Attracting talented employees who can choose their employers Naturally, the impact on the bottom line was too great to persist with the old ways.

Evaluating environment problems and their management became important components of business strategy development. The move for Corporate Social Responsibility (ISRC) includes looking at the environment effects of

business actions and taking steps to eliminate or minimize adverse impacts
Economy GOOP per capita Deception growth Inflation rate Consumer and investor confidence

Inventory levels Currency exchange rates Merchandise trade balance
Politician and political health of trading partners Balance of payments Future trends Government Political climate - amount of government activity Political stability and risk Government debt Budget deficit or surplus Legal Minimum wage laws Denominational protection laws Dowdier safety laws Union laws Copyright and patent laws Danni- monopoly laws Sunday closing laws Municipal licenses Laws that favor business investment Technology
Deficiency of infrastructure, including: roads, ports, airports, rolling stock, hospitals, education, healthcare, communication, etc. Industrial productivity
None manufacturing processes None products and services of competitors
None products and services of supply chain partners Danny new technology that could impact the company Cost and accessibility of electrical power Ecology Technological concerns that affect the firms production processes Technological concerns that affect customers' buying habits Technological concerns that affect customers' perception of the company or product Socio-cultural Demographic factors such as: Population size and distribution Adage distribution Education levels Income levels

Ethnic origins Religious affiliations Attitudes towards: Individualism, role of family, role of government, collectivism Role of church and religion
Consumerism Dimensionality Temperance of work, pride of accomplishment
Cultural structures including: Diet and nutrition Sousing conditions Potential suppliers Labor supply Quantity of labor available Equality of labor available

Stability of labor supply Swage expectations Employee turn-over rate Strikes and labor relations Educational facilities material suppliers Equality, quantity, price, and stability of material inputs Delivery delays Proximity of bulky or heavy material inputs Level of competition among suppliers Eservice providers Quantity, quality, price, and stability of service facilitators Especial requirements Stakeholders Lobbyists Shareholders Employees Partners Employees Scanning these macro environmental variables for threats and opportunities requires that each issue be rated on two dimensions. It must be rated on its potential impact on the company, and rated on its likeliness of occurrence.

Multiplying the potential impact parameter by the likeliness of occurrence parameter gives a good indication of its importance to the firm. . What do you understand by Business Social Responsibility (BBS R How this can be used to improve the Business Environment. (10 Marks) In your daily life, you perform a number of activities. For example, brushing your teeth, listening to your parents, showing respect to elders obeying traffic rules on road etc. Now why do you perform all these activities? It is because you live in a family as well as in a society and the members of your family as well as the society want you to do all of them. They do several things for you and expect something from you, which you must do.

The expectations of the family or society become your obligations, which you need to not throwing garbage on it, etc. There are also obligations towards yourself, which you need to fulfill. For example, taking food timely, going to sleep early at night, etc. That keep you fit and takes care of your health. Now you fulfill all these obligations by performing certain activities which are

called your responsibilities. Any responsibility you have, particularly towards members of the society with whom you interact or towards the society in general, are called your social responsibility. This is true in ass of business also. As we know, every business operates within a society. It uses the resources of the society and depends on the society for its functioning.

This creates an obligation on the part of business to look after the welfare of society. So all the activities of the business should be such that they will not harm, rather they will protect and contribute to the interests of the society.

Social responsibility of business refers to all such duties and obligations of business directed towards the welfare of society. These duties can be a part of the routine functions of carrying on business activity or they may be an additional function of carrying out welfare activity. Let us take an example. A drug-manufacturing firm undertakes extensive research and thus, produces drugs which are qualitatively superior.

It also provides scholarships or fellowships to the family members of its employees for studying abroad. We find, in both the cases, the drug-manufacturing firm is carrying out its social responsibility. In case of the former, it is a part of its routine business function while in the latter case it is a welfare function. After getting some idea about the concept and importance of social responsibility of business let us look into the various responsibilities that a business has towards different groups with whom it interacts. The business generally interacts with owners, investors, employees, suppliers, customers, competitors, government and society.

They are called as interest groups because by each and every activity of business, the interest of these groups is affected directly or indirectly.

Responsibility towards owners Owners are the persons who own the business. They contribute capital and bear the business risks. The primary responsibilities of business towards its owners are to: Run the business efficiently. Proper utilization of capital and other resources. Growth and appreciation of capital. Regular and fair return on capital invested.

Responsibility towards investors Investors are those who provide finance by way of investment in debentures, bonds, deposits etc. Banks, financial institutions, and investing public are all included in this category.

The responsibilities of business towards its investors are: Ensuring safety of their investment, Regular payment of interest, Timely repayment of principal amount. **Responsibility towards employees** Business needs employees or workers to work for it. These employees put their best effort for the benefit of the business. So it is the prime responsibility of every business to take care of the interest of their employees. If the employees are satisfied and efficient, then the only business can be successful. The responsibilities of salaries. Proper working conditions and welfare amenities. Opportunity for better career prospects. Job security as well as social security like facilities of provident fund, group insurance, pension, retirement benefits, etc. Better living conditions like housing, rainspout, canteen, cry©chess etc. Timely training and development. **Responsibility towards suppliers** Suppliers are businessmen who supply raw materials and other items required by manufacturers and traders. Certain suppliers, called distributors, supply finished products to the consumers. The responsibilities of business towards

these suppliers are: Giving regular orders for purchase of goods. Dealing on fair terms and conditions. Availing reasonable credit period. Timely payment of dues. Responsibility towards customers No business can survive without the support of customers. As a part of the accessibility of business towards them the business should provide the following facilities: Products and services must be able to take care of the needs of the customers. Products and services must be qualitative There must be regularity in supply of goods and services Price of the goods and services should be reasonable and affordable. All the advantages and disadvantages of the product as well as procedure to use the products must be informed do the customers. There must be proper after-sales service. Grievances of the consumers, if any, must be settled quickly. Unfair means like under weighing the product, adulteration, etc. Must be avoided. Responsibility towards competitors Competitors are the other businessmen or organizations involved in a similar type of business. Existence of competition helps the business in becoming more dynamic and innovative so as to make itself better than its competitors. It also sometimes encourages the business to indulge in negative activities like resorting to unfair trade practices. The responsibilities of business towards its competitors are not to offer exceptionally high sales commission to distributors, agents etc. Not to offer to customers heavy discounts and load free products in every sale. Not to defame competitors through false or ambiguous advertisements. Responsibility towards government Business activities are governed by the rules and regulations framed by the government. The various responsibilities of business towards government are: Setting up units as per guidelines of government Payment of fees, duties and taxes regularly as well as honestly. Not to indulge in

monopolistic and restrictive trade practices. Conforming to pollution control norms set up by government. Not to indulge in corruption through bribing and other unlawful activities. 4.

Explain how the business in an organization can be regulated with regard to the Organization's Basic Objectives. (10 Marks) Business may be understood as the profit. Businesses vary in size, as measured by the number of employees or by sales volume. But, all businesses share the same purpose: to earn profits. The purpose of business goes beyond earning profit. There are: It is an important institution in society. Be it for the supply of goods and services Creation of Job opportunities Offer of better quality of life Contributing to the economic growth of the country. Hence, it is understood that the role of business is crucial. Society cannot do without business.

It needs no emphasis that business needs society as much. BUSINESS ENVIRONMENT Environment refers to all external forces, which have a bearing on the functioning of business. Environment factors " are largely if not totally, external and beyond the control of individual industrial enterprises and their managements. The business environment poses threats to a firm or offers immense opportunities for potential market exploitation. ENVIRONMENT - BUSINESS RELATIONS Business is the product of the technological, political-legal, economic, social -cultural, local and natural factors amidst which it functions. Three features are common to this web of relationship between business and its environment. There is symbiotic relationship between business and its environment and among the environmental factors. In other words, business is influenced by its environment and in turn, to certain degree, it will influence the external

forces. Similarly, political-legal environment influences economic environment and vice versa. The same relationship between other environment factors too. These environmental forces are dynamic. They keep on changing as years roll by, so does business. The third feature is that a particular business firm, by itself, may not be in a position to change its environment. But along with other firms, business will be in a position to mould the environment in its favor.

IMPORTANCE OF ENVIRONMENTAL STUDY The benefits of environmental study are as follows; 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. To keep oneself dynamic. 5. Describe in detail the different role played by the Government towards enriching the business Environment. (10 Marks)

Environment of a business means the external forces influencing the business decisions.

They can be forces of economic, social, political and technological factors. These factors are outside the control of the Totality of external forces: Business environment is the sum total of all things external to business firms and, as such, is aggregative in nature. Specific and general forces: Business environment includes both specific and general forces. Specific forces (such as investors, customers, competitors and suppliers) affect individual enterprises directly and immediately in their day-to-day working. General forces (such as social, political, legal and technological conditions) have

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impact on all business enterprises and thus may affect an individual firm only indirectly. Dynamic nature: Business environment is dynamic in that it keeps on changing whether in terms of technological improvement, shifts in consumer preferences or entry of new competition in the market.

Uncertainty: Business environment is largely uncertain as it is very difficult to predict future appending, especially when environment changes are taking place too frequently as in the case of information technology or fashion industries. Relativity: Business environment is a relative concept since it differs from country to country and even region to region. Political conditions in the USA, for instance, differ from those in China or Pakistan. Similarly, demand for shares may be fairly high in India whereas it may be almost non-existent in France.

Importance of Business Environment Firm to identify opportunities and getting the first mover advantage: Early identification of opportunities helps an enterprise to be the first to exploit them instead of losing them to competitors. For example, Marti Dog became the leader in the small car market because it was the first to recognize the need for small cars in India.

Firm to identify threats and early warning signals: If an Indian firm finds that a foreign multinational is entering the Indian market it should give a warning signal and Indian firms can meet the threat by adopting by improving the quality of the product, reducing cost of the production, engaging in aggressive advertising, and so on. Coping with rapid changes: All sizes and all types of enterprises are facing increasingly dynamic environment.

In order to effectively cope with these significant changes, managers must understand and examine the environment and develop suitable courses of action. Improving performance: the enterprises that continuously monitor their environment and adopt suitable business practices are the ones which not only improve their present performance but also continue to succeed in the market for a longer period. Dimensions of Business Environment What constitutes the general environment of a business? The following are the key components of general environment of a business. Economic environment economic environment consists of economic factors that influence the business in a country.

These factors include gross national product, corporate profits, inflation rate, employment, balance of payments, interest rates consumer income etc.

Social environment rate, customs, values, beliefs, lifestyle, demographic features and mobility of population are part of the social environment. It is important for managers to notice the direction in which the society is moving and formulate progressive policies according to the changing social scenario.

Political environment It comprises political stability and the policies of the government. Ideological inclination of political parties, personal interest of politicians, influence of party forums etc. Create political environment.

For example, Bangalore established itself as the most important IT centre of India mainly because of political support. Legal This consists of legislation that is passed by the parliament and state legislatures. Examples of such legislation specifically aimed at business operations include the Trade mark Act 1999, Essential Commodities Act 1955, Standards of Weights and Measures Act 1969 and Consumer Protection Act 1986. Technological

environment It includes the level of technology available in a country. It also indicates the pace of research and development and progress made in introducing modern technology in production. Technology provides capital intensive but cost effective alternative to traditional labor intensive methods.

In a competitive business environment technology is the key to development. Economic Environment in India In order to solve economic problems of our country, the government took several steps including control by the State of certain industries, central planning and reduced importance of the private sector. The main objectives of Indian's development plans were: Initiate rapid economic growth to raise the standard of living, reduce unemployment and poverty; Become self-reliant and set up a strong industrial base with emphasis on heavy and basic industries; Reduce inequalities of income and wealth; Adopt a socialist pattern of development ? based on equality and prevent exploitation of man by man.

As a part of economic reforms, the Government of India announced a new industrial policy in July 1991. The broad features of this policy were as follows: The Government reduced the number of industries under compulsory licensing to six. Disinvestment was carried out in case of many public sector industrial enterprises. Policy towards foreign capital was liberalized. The share of foreign equity participation was increased and in many activities 100 per cent Foreign Direct Investment (FDA) was permitted. Automatic permission was now granted for technology agreements with foreign companies. Foreign Investment Promotion Board (FIB) was set up to promote and channeling foreign investment in India.

Liberalizing: The economic reforms that were introduced were aimed at liberalizing the Indian business and industry from all unnecessary controls and restrictions. They indicate the end of the license-permit-quota raja.

Liberalizing of the Indian industry has taken place with respect to: Abolishing licensing requirement in most of the industries except a short list, Freedom in deciding the scale of business activities I. E. , no restrictions on expansion or contraction of business activities, Removal of restrictions on the movement of goods and services, Freedom in fixing the prices of goods services, Simplifying procedures for imports and exports, and Making it easier to attract foreign capital and technology to India.

Appropriation: The new set of economic reforms aimed at giving greater role to the private sector in the nation building process and a reduced role to the public sector. To achieve this, the government redefined the role of the public sector in the New Industrial Policy of 1991 The purpose of the sale, according to the government, was mainly to improve financial discipline and facilitate modernization. It was also observe that private capital and managerial capabilities could be effectively utilized to improve the performance of the Us. The government has also made attempts to improve the efficiency of Us by giving them autonomy in taking managerial decisions.

Globalization: Globalization are the outcome of the policies of liberation's and appropriation. Globalization is generally understood to mean integration of the economy of the country with the world economy, it is a complex phenomenon. It is an outcome of the set of various policies that are aimed at transforming the world towards greater interdependence and integration. It involves creation of networks and activities transcending economic, social

and geographical boundaries. Globalization involves an increased level of interaction and interdependence among the various nations of the global economy. Physical geographical gaps or political boundaries no longer remain barriers for a business enterprise to serve a customer in a distant geographical market.

Impact of Government Policy Changes on Business and Industry

Increasing competition: As a result of changes in the rules of industrial licensing and entry of foreign firms, competition for Indian firms has increased especially in service industries like telecommunications, airlines, banking, insurance, etc. Which were earlier in the public sector.

More demanding customers: Customers today have become more demanding because they are well-informed. Increased competition in the market gives the customers wider choice in purchasing better quality of goods and services.

Rapidly changing technological environment: Increased competition forces the firms to develop new ways to survive and grow in the market. New technologies make it possible to improve machines, process, products and services. The rapidly changing technological environment creates tough challenges before smaller firms.

Necessity for change: In a regulated environment of pre-1991 era, the firms could have relatively stable policies and practices. After 1991, the market forces have become turbulent as a result of which the enterprises have to continuously modify their operations.