

Case Studies on Business Environment – Vol. I

Edited by

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ISBN : 81-314-0602-4

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OVERVIEW

Organisations operate in a 'pluralistic society', where its various claimants with divergent goals, seek optimal benefits from the organisation. But at the same time, the economics on which businesses operate makes the organisation dependent on these claimants. As a result, each group has an impact on the other group, but not inordinate powers. This would imply that a business strategy initiated by the organisation should hold good throughout the lifetime of the organisation. But we see that the case is otherwise. The manner in which businesses are managed differs from region to region and from industry to industry. Organisations, irrespective of the country or the industry they operate in, are forced to re-examine their strategy from time to time. The reasons for this are the various factors and forces - many a time beyond the control of the organisations - that exist in the environment in which the business operates.

Business environment is a set of political, economic, social, technological, ethical and competitive forces that are largely outside the control and influence of a business, and that can potentially have both a positive and a negative impact on the business. It involves the organisation's internal as well as external environment (Exhibit I).

