

BOOK

For more than two decades, ESSENTIALS OF BUSINESS ENVIRONMENT has witnessed lows and businesses. The book was a bystander to the tightly controlled business environment and has been an eye-witness to the post-reform periods. During these periods, the book has captured all the changes and developments clearly, and objectively. No surprise, the book has gained acceptance across the country.

This edition is comprehensive. It covers topics which have been held as game changers such as Pandemic, Make in India, Demonetisation, Farm's Loan Waivers, GST and many more. The book is a storehouse of data on business environment. Some of the tables are as recent as 2023/24.

AUTHORS

Dr. K. Aswathappa has a vast and diverse teaching experience, spanning over a period of nearly four decades. He has the honour of occupying many important positions in Bangalore University. He was the Chairman of Department of Commerce; Dean, Faculty of Commerce and Management; Director, Canara Bank School of Management Studies and Member of Syndicate, Senate, and Academic Council. Now retired, he is spending all his time in reading, updating titles in circulation and writing new ones.

Besides guiding 25 Ph.D. research scholars, Dr. Aswathappa is also credited with adjudicating theses of other universities. He takes interest in content development and has been instrumental in revising syllabi of Commerce and Management courses periodically, in order to make them reflect current developments in business education, though little, is significant, especially in Karnataka. At his instance, a course on Business Environment was introduced for *plus two* students of Commerce stream in the state of Karnataka, and he was invited by the Karnataka Book Trust to develop content for a course on factory organisation for CBSE students.

Dr. Aswathappa has been an author of three decades standing, having authored books on *Human Resource Management*, *Business*, *Organisational Behaviour* and *Business Environment*. All his books are bestsellers and have run into many editions and reprints which demonstrate their acceptance all over.

Dr. Aswathappa has written his titles with unique didactic aids, such as "Running Cases", "Walk the Talk", "Successful Manager", "Case Studies", "Relook", "Self-Check", "Reinforcing Exercises" and the like. His writings reflect as much success as the achievements of Birlas, Ambanis, Mittals, Murthys, Azim Premji and Bill Gates as workplace harassment, beheading of HR executives inside factories, plight of female employees in garments units, families living on the margins, impoverished children, and so on.

Dr. Lalitha Raman is a distinguished academic professional with a prolific career in education for over 37 years. She has held prominent positions in Jyoti Nivas College Autonomous, Bangalore, such as Vice Principal, Dean, and Head of the Department (HOD) of Commerce and Management. She was also instrumental in establishing the MBA department of the college. Her expertise and leadership have significantly contributed to the institution's academic excellence and development.

As a seasoned educator, she has a deep understanding of business environments, which is reflected in her role as a co-author of 17th edition of the book "Essentials of Business Environment". Her contributions demonstrate her comprehensive knowledge and commitment towards providing quality, relevant and contextual resources for students and professionals alike.

www.himpub.com

ISBN: 978-93-6557-548-4



9 789365 575484

ISBN: 978-93-6557-548-4

HCB 0057

₹1995/- \$ 80

Essentials of
BUSINESS ENVIRONMENT

(Text, Cases & Exercises)

K. Aswathappa
Lalitha Raman



17th
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Essentials of BUSINESS ENVIRONMENT

(Text, Cases & Exercises)

K. Aswathappa
Lalitha Raman



Himalaya Publishing House
ISO 9001:2015 CERTIFIED

ESSENTIALS OF BUSINESS ENVIRONMENT

(Text, Cases & Exercises)

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Himalaya Publishing House

ISO 9001:2015 CERTIFIED

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Cover Image by Werner Heiber from Pixabay

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First Edition	: 1988
Second Edition	: 1991
Third Edition	: 1994
Fourth Edition	: 1995
Fifth Edition	: 1996
Sixth Revised and Enlarged Edition	: 1997
Reprint (Twice)	: 1998, 1999
Seventh Revised and Enlarged Edition	: 2000
Eighth Revised and Enlarged Edition	: 2006
Ninth Edition	: 2007
Tenth Edition	: 2008
Eleventh Revised Edition	: 2011
Twelfth Revised Edition	: 2014
Thirteenth Revised Edition	: 2016
Fourteenth Revised Edition	: 2017
Edition	: 2018
Fifteenth Revised Edition	: 2019
Edition	: 2020, 2021, 2022
Sixteenth Revised Edition	: 2023
Seventeenth Revised Edition	: 2024

Published by : Mrs. Meena Pandey
for **HIMALAYA PUBLISHING HOUSE PVT. LTD.**,
"Ramdoot", Dr. Bhalerao Marg, Girgaon, Mumbai - 400 004.
Phone: 022-23860170, 23863863; **Fax:** 022-23877178
E-mail: hlmplib@bharatmail.co.in; **Website:** www.himpub.com

Branch Offices :

New Delhi : "Pooja Apartments", 4-B, Murari Lal Street, Ansari Road, Darya Ganj, New Delhi - 110 002.
Phone: 011-23270392, 23278631; Fax: 011-23256286

Nagpur : Kundanlal Chandak Industrial Estate, Ghat Road, Nagpur - 440 018.
Phone: 0712-2721215, 2721216

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North 24 Parganas, West Bengal - 700109. Mobile: 09674536325

DTP by : **SRI SIDDHI SOFTTEK**, Bangalore

Printed at : Geetanjali Press Pvt. Ltd., Nagpur. On behalf of HPH.

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Preface to the Seventeenth Edition

Welcome to the 17th edition of "Essentials of Business Environment." As we embark on this journey into the dynamic world of business, it is essential to recognize the ever-evolving landscape in which organizations operate. Since its inception, this book has strived to offer a comprehensive understanding of the multifaceted dimensions that shape the business environment.

In this edition, we continue our commitment to providing students, educators, and practitioners with relevant and up-to-date insights into the complex interplay of technological, political, economic, financial, socio-cultural, and natural factors that influence business decisions. As the global marketplace undergoes rapid transformations, it becomes imperative for individuals to grasp the complexities of these changes to thrive in their respective roles. Understanding these dynamics is crucial for individuals aspiring to succeed. Whether you are a student embarking on your academic journey, an educator guiding the next generation of business leaders, or a practitioner seeking insights for taking strategic decisions, this book is designed to be your companion in navigating the intricacies of the business world.

Our approach in this edition remains rooted in clarity, conciseness, and applicability. We have carefully curated contents to reflect the latest developments in the field, ensuring that readers receive a well-rounded perspective on contemporary business issues. From discussions on sustainability and corporate social responsibility to examinations of disruptive technologies and geopolitical trends, each chapter delves into critical topics, from the fundamentals of economics and the principles of management to the nuances of globalization and sustainable business practices.

We have enhanced the pedagogical features of the book with each chapter comprising chapter preview, list of chapter examples, tidbits, additional resources to aid comprehension and retention. Furthermore, we have integrated practical examples, case studies, and thought-provoking questions throughout the text to facilitate active learning and stimulate critical thinking. It is our fervent belief that by engaging with real-world scenarios and theoretical concepts, readers will be better equipped to navigate the complexities of the modern business environment.

The entire 17th edition is divided into seven parts, each part being dedicated to a specific environment with an absolute new inclusion of financial environment; latest relevant topics have been added to each chapter, QR Codes on certain topics for further research, titles of chapters have been changed, some of the chapters have been clubbed and rearrangement of the chapters are also undertaken in comparison to the 16th edition. In addition new chapters have also been included such as:

Chapter-8 Innovation and Design Thinking,
Chapter-9 Artificial Intelligence and Machine Learning,
Chapter-21 Mergers and Acquisitions
Chapter-37 (Elements of Global warming has been added)

Our goal is not only to impart knowledge but also to cultivate a mind-set of curiosity and inquiry that will serve readers well in their academic and professional endeavours.

As authors, we remain deeply grateful for the continued support and feedback from our readership over the years. We would like to express our sincere appreciation to our colleagues, reviewers, and readers whose feedback has been instrumental in shaping the content and structure of this edition. Your insights have been invaluable in shaping the evolution of this book, and we are humbled by the opportunity to contribute to the field of business education.

In closing, we invite you to embark on a journey of exploration and discovery through the pages of "Essentials of Business Environment." May this book serve as a beacon of knowledge to inspire you to think critically, act ethically, and embrace change as a catalyst for growth and innovation in the ever-evolving world of business!

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Preface to the First Edition

Business, it is said, is a product of environment. The nature of business; location of a business enterprise; the product to be manufactured or service to be rendered by the business unit; size and volume of operations of the firm; the price to be fixed and other related factors relating to the business unit are determined by the environment within which the business operates. Though business is the creation of its environment, the influence of the former on its external forces is equally significant. If certain industries, for example, have been delicensed or if investment limit of business houses has been raised for the purpose of categorising them as large industrial undertakings, it is the result of business lobbying rather than sudden self-realisation on the part of politicians or government agencies. Similarly, technological environment compels business to adopt new ideas and new methods of production. Business in turn invests crores of rupees on research and development for new innovations. Thus, there is symbiotic relationship between the business and its environment.

The environment of the business may be divided into political, economic, technological, socio-cultural and natural factors. How each of these factors influences and is influenced by the business is a fascinating subject, a knowledge of which is essential for business managers, politicians, government officials, academicians and the general public. Universities and management institutes all over the country have done a right thing in including the subject business environment in their curricula for M.Com., MBA and diploma courses in management. It is the M.Com. and MBA degree holders who would occupy important positions in business houses tomorrow. A knowledge of the business environment will enable them to place every issue related to business in its proper perspective and make a sound decision to solve the problem.

Unfortunately, not many books are being written on the subject business environment and those that are available confine themselves to the discussion of the influence of political, economic and social factors on business. Technological, cultural and physical factors, though equally significant, are ignored for reasons not known.

Essentials of Business Environment is a comprehensive book which covers the discussion of all the environmental factors in greater detail. As will be seen in the subsequent pages, the book is divided into five sections discussing political, legal, economic, technological, socio-cultural, and natural factors in that order. Of particular significance is the discussion on socio-cultural environment wherein the influence of Indian cultural ethos on business is commented upon tracing each aspect from the very early days to the contemporary period. The discussion throughout the book is simple and logical, punctuated with illustrations and anecdotes drawn from contemporary business houses.

In preparing the text for this book, I have consulted several books and journals which have been acknowledged at appropriate places. I have also received invaluable suggestions from many luminaries. Though it is difficult to thank all of them individually, it is my pleasure to express grateful thanks to Dr. S.V.S. Rao and Prof. Venkatakrishnappa, the former for offering comments on cultural environment and the latter on important legislations. I also thank Prof. O.R. Krishnaswamy, Prof. K. Hanumanthappa and Dr. P.N. Reddy whose elderly advice has been of immense use to me.

I thank Mr. D.P. Pandey of Himalaya Publishing House Pvt. Ltd. for having published this book.

I request the esteemed readers to offer their criticisms and suggestions for further improvement of this book.

K. Aswathappa

Acknowledgements

Successful completion of this edition of *Essentials of Business Environment* would not have been possible without the invaluable contributions of many individuals. We extend our sincere thanks to the many academics and professionals who provided critical insights and feedback, helping us to enhance the quality and relevance of this edition. We owe a great debt of gratitude to our families for their enduring support and understanding during this demanding project.

We would like to sincerely thank the following for their support in bringing out this edition:

- Dr Madhu, S, Chairman and Managing Director, Sri Siddhi Softtek for integrating the additions and modified manuscript in to this edition.
- Mr T S V Raman, Former Executive, *The Times of India*, Bangalore for his untiring support throughout the journey in developing the additional content.
- Himalaya Publishing House for their sustained interest in the book.
- We thank Mr Samson for the secretarial assistance.

Finally, we extend our appreciation to our dedicated readers and students, whose enthusiasm and constructive critiques motivate us to continually improve and innovate.

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