



BUDDHA SERIES

(Unit Wise Solved Question & Answers)

Course – MBA

COLLEGE – BUDDHA INSTITUTE OF MANAGEMENT

(AKTU Code-1212)

Department: Business Administration (PG)

Subject: BUSINESS ENV. & LEGAL ASPECT OF BUSINESS

Sub. Code: BMB 201

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①
Ques: Explain the term business policy with its characteristics?

Ans: Refinement of Business Policy:

Business Policy defines the scope or spheres within which decisions can be taken by surrounding in an organization. It permits the lower level management to deal with the problems and issues without consulting top level management every time for decisions.

Features of Business - Policy :-

1. Specific: Policy must be definite.
2. Clear: Policy must be unambiguous.
3. Reliable / Uniform: Policy must be uniform.
4. Appropriate: Policy should be appropriate.
5. Simple: A policy should be easy & simple.
6. Inclusive: In order to have a wide scope.
7. Flexible: Should be flexible in application.
8. Stable: Should be stable else it will lead to uncertainty in minds.

Ques: ^② Difference between Policy and Strategy.

Ans: Difference between Policy and Strategy:-

The term 'policy' should not be considered as synonymous to be the term 'strategy'. The difference between policy and strategy can be summarized as follow.

1. Policy is a blueprint of organizational activities which are repetitive in nature.
2. Policy formulation is responsibility of top level management.
3. Policy deals with routine activity - essential for effective and efficiency running of an organization.
4. Policy is concerned with both thought and action. while strategy is concerned mostly with action.

Ques: ③ what are the benefits of Globalization?

Ans: The most important advantage of outsourcing is that big multi-national corporate or even small enterprises can avail good services at a cheaper rate as compared to their country's standards. The skill set in India is considered most dynamic and effective across the world. Indian professionals are best at their work. The low wage rate and specialized personnel are best at their work with high skills have made India the most favourable destination for global outsourcing in the later stage of reformation.

Macro Environment
of Business

Economic
Environment

Non-Economic
Environment

National

Inter-national

Socio-
Cultural

Natural

Demography

Political &
Government

Physical &
Technological

Q. 5

Explain the term ~~micro~~ ^{macro} environment?

Ans:— Macro environment are the forces which indirectly affect company's operation and working condition. These factors are uncontrollable and the company is powerless and incapable of exercising any control over them.

Macro environment can be classified into economic environment and non-economic environment. Since the business is basically an economic activity, economic environment of business both national and international gets importance.

The economic environment of the company country includes economic system, macroeconomics parameters and stages of business cycle, financial system and economic policies of the government.

Non-economic environment includes political system, government policies, legal framework social system, cultural values, demographic factors, technological development and natural environment of the country. In fact, all these factors are very relevant to the present business.

Ques What are the major factors affecting the international business environment?

Ans: The international business environment is growing at a fast pace. Globalization and technological advances triggered a period of marked growth over the course of the 19th century. This process stopped during world war II and started again after the war. The sum of imports and exports increased from below 20 percent to over 50 percent of global production.

Economy :-

The economic environment has a direct impact on your business so if you're planning to take your business global, thoroughly research the countries where you are going to operate.

Politics :-

The legal and political environment of foreign markets has a direct effect on your business.

Cultural Differences:-

Each country has its own culture, which affects international business in three main areas:

Organizational hierarchy, etiquette and communication. Japan, for instance, values social hierarchy in all aspects of life including work.

Social Environment:-

Its social environment determines a country's value system. Certain factors, such as people's view towards wealth, customs, cost structure, labour mobility and cultural heritage, affect international business.

Technological Factors:-

Technology is one of the primary environmental factors you should consider before expanding your business. Does the host country have the technology & skill you need to run your business smoothly?

Q.1: what do you mean by Global Integration and Business Environment?

Ans: The business - environment in India has undergone a tremendous change in the last few years. Although there are several factors responsible for this, global integration is one of the most important ones. Liberalization, privatization, and globalization (LPG) are three crucial components of this factor.

Background of Global Integration:

The economy of India has developed drastically since independence from the British rule. The government's priorities immediately after 1947 were to focus on social upliftment of people and eradicating poverty. The economy then was largely agrarian and industries were scarce.