



# RAMA UNIVERSITY

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**FACULTY OF COMMERCE AND MANAGEMENT**

**COURSE: BBA & BCH**

**SUBJECT: BUSINESS ORGANIZATION**

**SUBJECT CODE:**

**BCH204**

**LECTURE: 11**

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## LECTURE-11



# **BUSINESS AND ENVIRONMENT INTERFACE**

Business is an economic activity that involves continuous and regular production and distribution of goods and services for satisfying the human wants. Business is a system because it consists of a number of sub-systems both within the business and its environment. The sub-systems are inter-related and operate in a coordinated manner to make the whole as a business system.

The environment of a business is defined as the aggregate of all conditions, events, and influences that surround and affect it. It refers to the forces (economic, social, political, technological, etc.) and institutions (suppliers, competitors, etc.) outside the firm with which the business organization must deal to achieve its goals and objectives.

**Every business enterprise has to interact with its environment and the effectiveness of such interaction primarily determines the success or failure of a business. In every business, the surrounding environment offers a range of opportunities, constraints, threats and pressures, and thus it influences the structure and functioning of an organization.**

Understanding the environment context of business is of immense significance. In order to be successful, a business must be ready to adapt to its environment. Businesses that fail to adapt to the environment do not survive in the long run. Thus, the knowledge of the change in the environment can be of great help in the formulation of planning and its implementation. A business system draws certain inputs of resources, information and values from the environment. It transforms them into outputs of products, services, goals and satisfaction and exchanges them with or transforms them into the environment.